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WHAT a shock to think that anyone so dainty, so lovely, so desirable, could have such a repugnant thing as this furtive disease! Have it and neglect it! For night after night she has looked at those dainty toes—watched them break out in tiny blisters—found them stickily moist—felt them itch—seen them peel—and she's never done anything about it!

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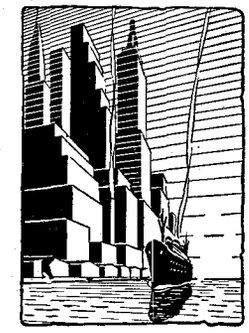

By Berta Crone

A CURSORY READING of the long lists of June's graduates fills one with consternation. No one sensible of the intrinsic value of knowledge would wish to deprive these young men and women of their recent opportunity for study and thought. Yet, these published lists of degrees, signifying, as many of them undoubtedly do, the professional and occupational aspirations of the graduated, seem strangely out of joint with the times. The word degree itself, means according to the Oxford Dictionary, "a university or college diploma of specified proficiency in a specified subject."

●

Formerly, the possession of a degree or degrees assured one of easy access to positions in industry and commerce. There was, soon after the World War, a period in which degrees became synonymous with economic and social advantages; one who had no degree, no matter how erudite, or cultured, or gifted, was looked upon with suspicion. A degree was the criterion of the business executive when selecting new personnel. Corporations had discovered both prestige and profit in having men and women of recognized scholastic and social rank attached to their organizations. Titles had a pleasant sound and looked well on a letterhead, and impressed the public. Thus it came to pass that banks, advertising agencies, department stores, manufacturing concerns, hotel chains, magazine publishing houses, and other kinds of organizations, vied with each other for the best and most distinguished among the college graduates each June, and some of them even hoped to lure a professor away from his teaching and research, to serve in their organizations. Each year representatives of these firms were sent out months before graduation time to "confer" with professors and students, and advise them of the opportunities to be had in their companies for the taking. Fields of work were thus skillfully sold to the unsuspecting student, and firms subtly advertised themselves and their wares. Degrees went up in value, the more the better, thus becoming more and more identified with occupational privileges and unprecedented social advantages for middle class Americans. Culture and learning as an aim of education became of secondary importance.

Coincident with the period of inflation in college degrees, other titles acquired a similar vogue. European royalty—princesses, countesses, baronesses, dukes, counts, barons were in great demand, the price varying with the rarity. The open-door policy of business during this period was also extended to those listed in the social register—matrons and debutantes. Overproduction in this group did not come about as it did among college graduates, but it placed a premium on counterfeit.

Small wonder that "higher education," as it is called in this country, holding the occupational and social promise it did several years ago, became a coveted commodity. Parents can hardly be criticized for wanting to give their sons and daughters the proper training for future careers. Sons and daughters cannot be blamed for wanting an hour or two on so glamourous a stage.

It was becoming apparent even before 1929 that those who were working for degrees primarily, or solely, as a means of securing occupational opportunities were not keeping pace with the growth of activities in certain fields of work. Crumbling organizations soon added their weight of testimony to the failure of many of the fields which had been overpopularized. When the final crash really came, many of the higher priced brain workers, titled Europeans, society matrons and debutantes were among the first to feel the shock.

Now, for nearly four years, the organizations whose representatives so

NEW OUTLOOK, July, 1933. Volume 162. Number 1. *Published monthly by Outlook Publishing Co., Inc., 515 Madison Ave., New York, N. Y. Yearly subscription $3. Entered as second class matter October 7, 1932, at the Post Office, New York, N. Y., under act of March 3, 1879.*

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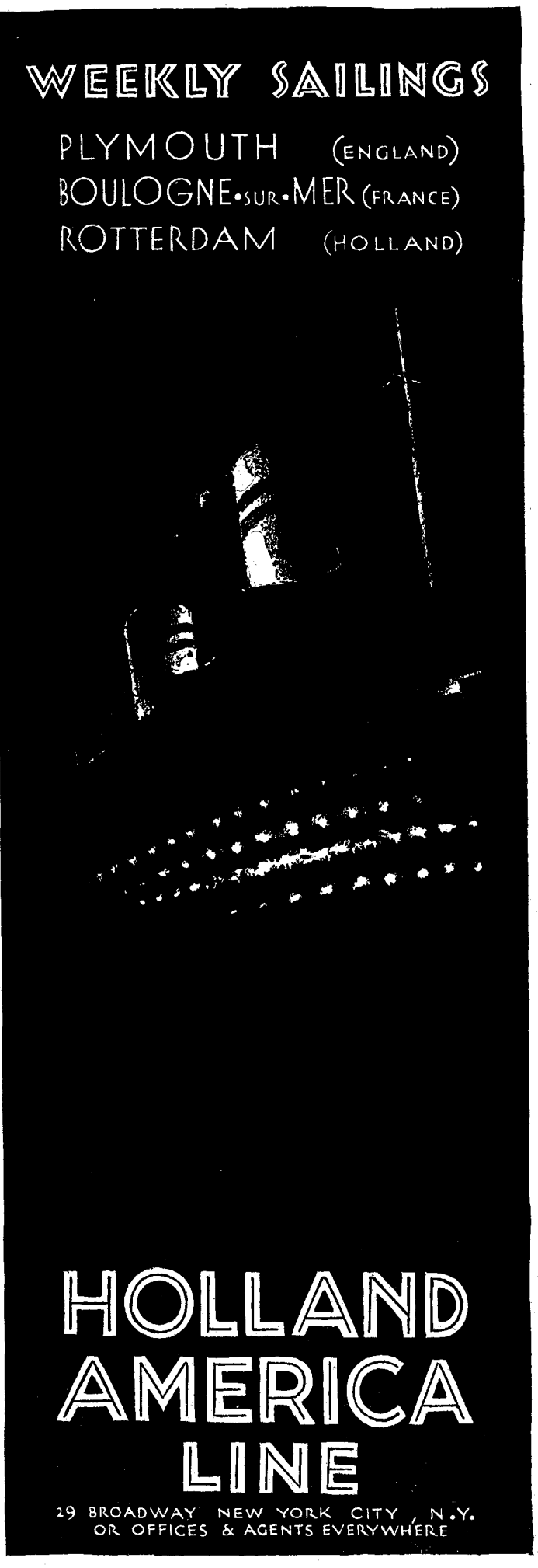
glibly invited college graduates into their organizations have been silent about their occupational opportunities. Thousands of professional workers have been idle for long stretches. Surveys of occupational trends are now being made with a view to discovering the overcrowded and the underdeveloped fields.

One thing seems obvious: there is a need for a new philosophy of work, a philosophy based, not on degrees, but on the needs of human beings, present and anticipated, as well as the ability of individual workers irrespective of whether they have or have not degrees. Then learning for learning's sake will become a desideratum *per se,* and will not be confused or identified with earning a living. We must learn to think less about jobs and positions, and more about work. The college graduate can, or should, create his own work if he cannot induce employers to see the value of his services. A resourceful person discovers the need, or he anticipates it. If one person cannot organize, or develop a given piece of work, a group probably can. The history of individual accomplishment teaches at least one thing—that opportunities will come to those, men and women, who have imagination and initiative, and can see an advantage in what seems to be a disadvantage. Avocational and occupational pursuits are often interchangeable. If one can't earn a living by doing the work one was trained for, perhaps one can by doing something one has done or is doing "for the fun of it." For instance, a former teacher of English is now a well-known playwright. A woman who first taught English, and who subsequently married and kept her own house for years, became America's leading exponent of the fine art of cookery. A man who was trained for the electrical engineering profession is now one of the senior members of a well-established real estate firm.

Some of the fields in which degrees are a prerequisite are showing promise of new occupational opportunities.

Libraries

Books called for by readers are to be found in three types of libraries: the public library, the special library, and the educational library. Librarians report that the use of books in the public libraries has increased since 1929. Books on art, philosophy, science, economics, law, history, are



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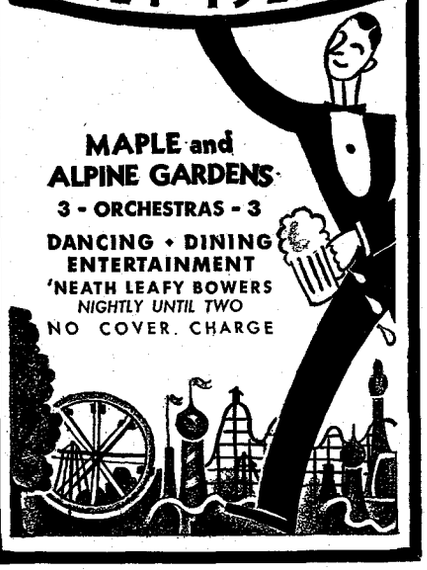

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in great demand as well as biography and fiction. Both the busy and the idle, grown weary with the present, seem to be turning to the past for knowledge and diversion. The present tendency, though it taxes the resources of the library and the librarians to the utmost, is, at the same time creating a new and stronger place for both. It is a pity, therefore, that at this time, when their services are in such demand, they should be handicapped by having to curtail their budgets. But, as economic conditions improve they will undoubtedly be among the first to be given a larger appropriation for their organizations.

Present conditions favor the development of the special library. Those who cannot get the books they want from the public libraries must turn to the special libraries. Both persons and organizations having large and varied interests require special sources of information. A few of such interests are art, music, medicine, industry and commerce. The expansion of the Trade Associations of the various industries ought to foster the development of the special libraries. Heretofore many such libraries were established by private corporations but there is every reason to suppose that as sources of trade information become centralized special libraries in trade groups will have to be established. Librarians trained and interested in special subjects such as food products, textiles, drugs, furniture, etc., ought to investigate the occupational possibilities within these trade groups for themselves.

Another development of special library service is the special renting library. One of the current issues of *"Publishers' Weekly"* reports the opening of a renting library by Jordan Marsh Co. in Boston. The rental price range indicates that even the more expensive "serious" books will be available to borrowers. It is stated that Jordan Marsh Co. expect to "develop this department to large proportions," and that 300 borrowers signed up the first day. Other department stores may be interested to undertake a similar experiment.

Employment Work

The Wagner Bill creating a national employment service was signed by President Roosevelt early in June. It authorizes the appropriation of $1,500,000 for the next fiscal year for

(*Continued on page* 59)

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Traveling with the News

JAPAN

THE JAPAN discussed in Martin Sommers' article in this issue of NEW OUTLOOK is a country that one should see twice before permitting oneself to speak once. I say, see Japan twice, once at least for each of its personalities, for it has two. This misleads many of those who meet the Japanese on foreign ground or who study Japan from afar, to think she is olways playing the part of two persons, or is "two-faced," as we say. For Japan is a paradox, even to herself. She endeavors to be so Western, and as a matter of fact is always so Eastern, or Oriental, in the final analysis. This is most confusing.

According to the philosophy of travel, however, Japan's double personality and dual civilization, offer the tourist a succession of advantages and "treats" that few countries can duplicate. For one reason, we go abroad to foreign lands seeking, if possible, the very antithesis to what we have at home. Add to this Art and Antiquity such as our own newer land has not yet to offer. The Exotic and Mysterious Background of the East! *But* we demand our body-comforts and Americanized mechanical luxuries; our tiled baths and central heating, our buckwheat cakes and corn on the cob, our cocktails and ice cream sodas! That is *our* dual personality. Check and double check them one and all, for they are forthcoming in Japan, alas, whether you want them all or not. One cannot accuse the Japanese of being backward in going forward. In some American innovations, they seem to be a half a jump ahead of us!

All of this modernity, I stress, is to be found then by the conventional tourist following the beaten path, but always with a delightful blend of Orientalism that gives it fizz and a kick that puts a new twist to it and takes the Yankee matter-of-factness out of it.

This is the time to visit the Orient —Japan and points East. By which I mean not only the season, but also —and more especially—that the world exchange with especial reference to Japan, affords the opportunity of a lifetime to those seeking "depreciated" travel. The yen, although not as cheap as it was to dollar buyers, is still off 50 per cent. Similar cuts prevail around the world, while every tourist medium, service and vehicle is offering attractive inducements to those with the wherewithal to accept them.

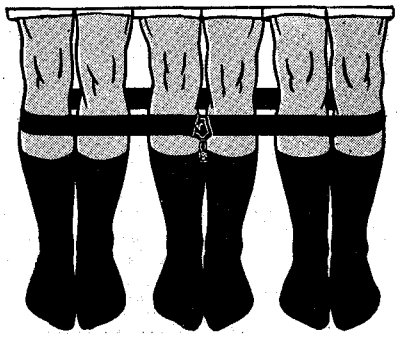
There are several lines sailing from our West Coast to Japan, each offering its own especial attraction that makes it difficult to choose between them. Keen competition has driven the service up to a new high level of service and efficiency. One may travel in British, Japanese or United States bottoms.

One attraction offered by a Japanese liner is that one steps into the Orient on leaving shore. The new fleet of *Marus* are the last word in scientific and luxury construction. The staterooms and public salons may be Louis Quinze or ultra Modernistic. The cuisine, in the main, is French. English is spoken—Pidgin Piccadilly and Peoria. But the personnel is 100 per cent Japanese with complications of both delight and exasperation and all with a touch of Wallace Irwin's "Japanese Schoolboy."

High-pressure "entertainment" begins and continues unabated all the way between California and Yokohama. All-Japanese side-show on the stage, sukiyaki parties on deck, Ginza Fair "free for all," Banzai Ball, Sayonara Dinner, Japanese and Hollywood movies.

The first thrill of the East comes at Honolulu. Natives meet the ship a mile outside the anchorage, swimming, and offering to dive for pieces of silver thrown overboard. There is a Hawaiian interlude of almost a day that will strike a paradisiacal chord that one never forgets.

In Japan this is the high-season for gardens. Until we have become familiar with the gardens of Japan we shall continue to think of gardens the world round in the same conventional manner. For, if there be one export from Japan with which the average traveler feels himself to be acquainted, it is the Japanese garden. He is thoroughly familiar with the wooden drum bridge, the stone lantern, the dwarf trees, the torii, the dry streams, the rock garden. In all probability he has not observed a vital differentiation from the gardens



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of the West; for those of the East are in the main, gardens without flowers!

Until we visit the East are we accustomed to associating gardens with flowers. For us gardens grow and display flowers—practically nothing but flowers. We soon find that we have to orientate our viewpoint and definition as to the meaning of "garden" and "flowers," avoiding such western restrictions and precisions as violate the gracious law of Oriental poetic license. For a garden to the Japanese is any sequestered spot in the earth (or in the imagination!) where are garnered certain "flowers," or precious symbols—be they of stones, bronze, tiles, wood; or green plants and trees with perhaps variegated blossoms intermingled. For the slightest touch of Oriental imagination turns them all into gardens and garlands, sometimes into gods or dwelling places for the gods. Religious feeling and symbolism everywhere enter into their creation.

Wherever we shall go in Japan, we shall find gardens. Wherever men, women, children, gods and ghosts live, work or haunt, somewhere near we shall find a garden. This association is no mere accident or merely decorative feature. Just as gardens are the civilized hearth and home for exquisite bits of Nature, so the Japanese consider them part of their individual natural and spiritual existence, always to have close at hand and to make them part of their daily life. If only a little muddy pond and a couple of stepping stones, a few gold fish, a dwarfed pine and a stone lantern, then the architecture of Japanese life is complete.

Each great house or family clan has its garden. By taking a little trouble, the average polite tourist may gain admission to one of them. In both Tokyo and Kyoto there are scores of famous gardens, the majority of them hundreds of years old. We shall never forget our visit to the garden of the late Baron Dan, who was assassinated by a political fanatic about a year ago. We motored over from the Hotel Imperial in Tokyo one gorgeous summer's day. We recall our astonishment at the way in which the rich have of getting up urban park estates within a stone's throw of surroundings of a sharply contrasting character. For example, we enter a densely-crowded quarter of the great city. It

(*Continued on page* 59)

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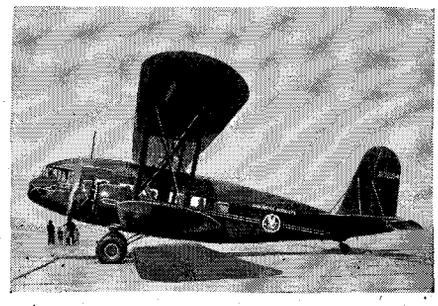

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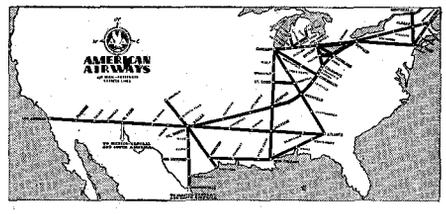

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OUTLOOK

ALFRED E. SMITH
Editor-in-Chief

FRANCIS WALTON
Managing Editor

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VOLUME 162 NUMBER 1

NEW OUTLOOK IS PUBLISHED MONTHLY BY OUTLOOK PUBLISHING COMPANY, INC., FRANK A. TICHENOR, PRESIDENT; J. H. GERHARDT, SECRETARY AND TREASURER. PUBLICATION AND BUSINESS OFFICE, 515 MADISON AVENUE, NEW YORK CITY. WASHINGTON OFFICE, NATIONAL PRESS BLDG., WASHINGTON, D. C. YEARLY SUBSCRIPTION, $3.00. COPYRIGHT, 1933, BY OUTLOOK PUBLISHING COMPANY, INC.

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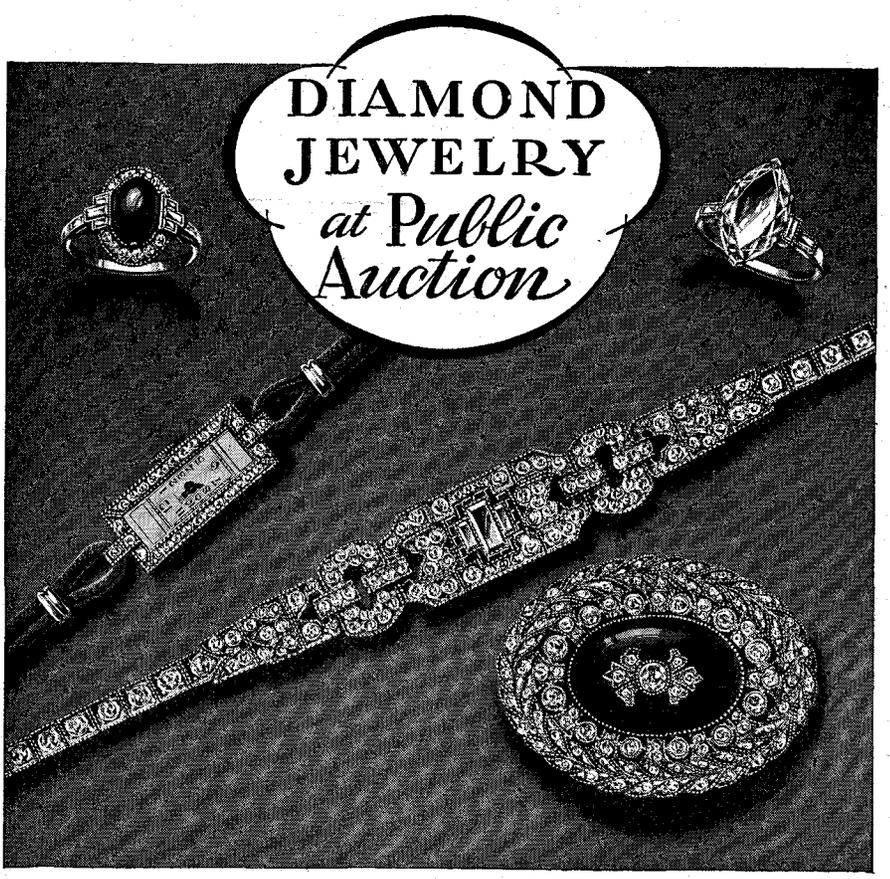

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Checklist of New Ideas

ON FEMININE HONESTY

I was never a good actress; I quit before the public found me out.—*Olga Petrova.*

ON AMERICA FOR AMERICANS

Instead of the Puritans landing on Plymouth Rock (Said Jo Davidson, the delightful sculptor) how much pleasanter this country would have been if Plymouth Rock had landed on the Puritans.—*Christopher Morley in "Mandarin in Manhattan."*

ON GOVERNMENTS

We have entirely too many governments in the United States. Nobody knows exactly how many there are, but counting the Federal, the state governments, the county governments and the townships, the school districts, the moth and mosquito districts, and what not, we have a total of between 250,000 and 500,000 governments in the United States.—S. E. Leland, *Professor of Public Finance, University of Chicago.*

ON TRAVEL

The first thing to do once you arrive in any place is to sit down and catch your breath and take a nap if you feel so inclined.—*Hendrik W. Van Loon.*

ON THE VERSATILITY OF YOUTH

The criminals of the old days were almost without exception matured men who worked along specific lines of illegal endeavor. Today our line-up—that is the daily morning parade at Police Headquarters of persons arrested the previous day for felonies—no longer shows a file of middle-age and intemperate men. Instead we see a parade of youths ranging in ages from seventeen to twenty-one, versatile in crime.—*James Bolan, N. Y. Police. Commissioner.*

ON ALL THE FACTS—FIT TO PRINT

So many women ask us how they can keep up with what is going on. I have an idea that if a busy woman would get in the habit of reading first the headlines and then at least the first paragraphs of subjects she is interested in, she could keep track of what is going on.—*Mrs. Franklin D. Roosevelt.*

ON PRAYER

There is too much wordiness in modern prayer. I suggest to my readers that they spend enough time each day to day to let God say, "Hello."—*Rev. Dr. Frank N. D. Buchman.*

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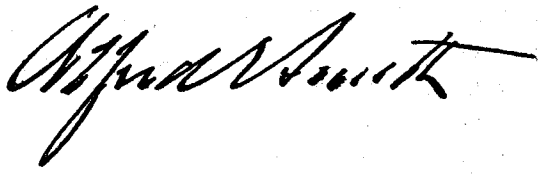
BUSINESS CONTROL



THERE is a vast difference between Federal control of a great public utility like the railroads on the one hand, and Federal control of business generally on the other. Anyone who fails to grasp this distinction will be unable to realize the job which Uncle Sam has taken on in connection with the National Industrial Recovery Act. We have long since accepted the fact that a public utility must be regulated by the nation or state, or both. We have come to realize that when such regulation fails, government control, of a more or less drastic nature, is inevitable. Absolute individual initiative and unhampered freedom of action by individuals in the public utility field are things of the past. It is quite another matter, however, to set up government control of all business. I have never hesitated to recommend the extension of government activities to meet the needs of a growing population in an age of industrial invention, but this plan goes beyond anything my imagination can follow. I may be old-fashioned, but I can't understand how it can possibly work.

There is no mystery in the steps which have led to the adoption by Congress of this extraordinary measure. Business has been at a standstill. The great industrial leaders who were built up in public estimation as the intellectual giants of the country, have shrunk to their normal size. In fact, the tendency of the rank and file who have suffered from the depression is to regard these business leaders as mere pygmies, which is just as stupid and unfair as it was to magnify their stature. The fact is that the reputation of all those who were leaders during the period of depression is bound to shrink. It does not by any means follow that they were really responsible for the decline, nor that they could have prevented it, nor that the old system under which they rose to eminence should be entirely discarded.

All sorts of people have been racking their brains as to what is wrong with the economic order. There is a natural feeling that these periodic depressions are a challenge to our entire civilization, and that they simply should not be allowed to happen again. It does not seem to occur to the average man that at bottom human nature is responsible for the world's economic miseries, and that it is only by raising the general level of human character throughout the world that a new society free from war, brutality, arrogance, selfishness, waste, disease, and human misery, which are the real causes of all economic depressions, can be brought about. Viewed from this angle, the job is one for the philosopher, the priest and the doctor rather than the statesman, lawyer or business executive.

I do not mean to say that we must spinelessly accept present conditions. I do mean to imply that there is such a thing as putting too much faith in political and scientific schemes of salvation. This is the field

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day for the academic planner, for the man who has been reading in the library, writing books and lecturing to students, and who now for the first time has a great big public laboratory for experiment. Hence the sudden public interest in a so-called planned society including all sorts of schemes from technocracy to government control of industry. If we could give the planners a corner of Alaska, or a chunk of the Bad Lands, for their experiment it would not be so serious. Then if the laboratory blew up, the whole nation would not suffer.

So far as the National Industrial Recovery Act is concerned, the first article which provides for the control of business is obviously largely the work of the new school of social and economic planners. The act contemplates agreements governing all branches of industry to regulate output, wages, standards and management generally. It abrogates the Sherman Anti-Trust Law. It will permit any kind of combinations and even the division of territory. In the absence of agreements on the part of industrial groups, the administrator or board designated by the President will set up compulsory machinery. The act is labeled as a temporary emergency measure so as to get it by the United States Supreme Court. If its terms are carried out literally, the tendency will undoubtedly be to cripple initiative, legalize, and even officially encourage, monopoly, raise prices and require higher tariffs to maintain the new structure. In such a triumph of bureaucracy, the little man would be lost in the shuffle.

On the other hand, the powers may not actually be used. It may be just another case of giving the radicals the machine and letting the conservatives run it. If this is so, in the end it will not satisfy either group, and both groups are likely to feel that they have been handed the bologna.

All this is a long way from the traditional role of the Democratic party, which has been since the days of Jefferson the party opposed to highly centralized Federal control, the party of individualism, state's rights, and private initiative. Personally, I am in favor of applying the curb to industry where necessary, but not of placing the heavy, paralyzing hand of the government upon all the business enterprise of the nation. I believe in good public administration, but I know its limitations. I am in favor of restoring conditions which make business leadership possible rather than of looking to the government to provide it.

It may be that we have reached a new era in which the government must run everything, but I hope not, because I do not want to see this land of opportunity sink to a dead level in which we shall all be civil servants working under political control. If that should happen, we shall have sold our American birthright for a mess of communistic pottage.

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THE WORLD CONFERENCE

THE LONDON conference has started in an atmosphere of general pessimism. Spokesmen for the administration, such as Professor Moley, who were full of optimism not long ago are now telling the public not to expect too much. It looks as if the well known Ostermoor is being carefully prepared for the American delegation to land on.

Debts and the tariff have practically been eliminated as subjects which the delegates from the United States are permitted to discuss. The President obtained no additional powers from Congress to act on the tariff generally, and nothing has been done to change the mandate written into the act validating President Hoover's moratorium and providing that no adjustment in debts shall be made without the approval of Congress. The subjects which remain are currency stabilization and disarmament. It is difficult to see how the United States can effectively discuss currency stabilization apart from debts and the tariff.

Recently one of the newspapers quoted a remark of Disraeli on the subject of currency, which struck me as being very apt. Disraeli said that more men had been driven mad by study of the gold standard than by love. At best very few people are going to understand the currency discus-

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sion in London, and this is one of the most serious obstacles in the way of accomplishing anything on the subject. It will be debated by experts and shrewd diplomats without much chance of the kind of public pressure which can be brought to bear only when great masses of people feel strongly on some simple question of principle or human rights. By a process of elimination, this leaves the so-called MacDonald plan for disarmament as about the only promising subject left on the program.

Our delegates represent the most powerful nation on earth, and they go to London with the least authority. There is no assurance that their proposals and pledges will be supported at home, and the skeptical European statesmen with their long experience in such matters fully understand this.

After all, it is not so long since the preeminent American statesman of our generation, with all his commanding prestige, genius in government and gifts of expression, demanded and won from the Peace Conference the charter of the League of Nations, under whose auspices the present World Economic and Monetary Conference is being held. Shortly after his return, the European statesmen learned that this prophet was without honor in his own country. Bitter personal and partisan politics brought about the rejection of the League in Congress, and the country, tired of Wilson idealism, repudiated the Administration at the polls and turned to normalcy, and the rest you know. James M. Cox, who lost to Harding and who was one of the most eloquent and loyal of all speakers for the League, will remember this.

While Woodrow Wilson played for the verdict of history, all the immediate victories were won by his European opponents at the Peace Conference. No one representing this country in London can bring to the present Conference, or to the millions of people watching it, anything of the combination of moral fervor and high ideals which made Woodrow Wilson such a formidable figure fifteen years ago. On the other hand, when it comes to trading and bargaining over details, our delegates are amateurs pitted against the world's greatest professionals.

THE NEW RAILROAD DEAL

IN THE RUSH of other business at the close of the extraordinary session of Congress, the public has had little opportunity to analyze carefully the new law to re-organize the railroads known as the Emergency Railroad Transportation Act. As a member of the so-called National Transportation Committe which issued its report in February of this year, it has been interesting to compare the conclusions of this unofficial committee with the actual-product of the recent Congress. It is only fair to say that the results of the comparison are disappointing. The new law is at best a temporary makeshift which, like most compromise measures of its kind, gives the appearance of meeting a party pledge and satisfying public opinion while postponing and perhaps even jeopardizing a real solution of the problem.

What is the real solution? I tried to state it in simple understandable language in the minority report of the National Transportation Committee. My reason for writing a minority report was not because I disagreed with many of the major conclusions of my associates, so much as because I was particularly anxious not to subscribe to language not readily comprehensible to the average, reasonably intelligent citizen.

I stated in this minority report, and I now repeat that the major problem of the railroads is consolidation and probably compulsory consolidation on a national scale; that such consolidation can be brought about only by a one man administrator; that the Interstate Commerce Commission has attempted to function under an obsolete and unworkable law, and that it is hopelessly committed to the mistaken theory that it is primarily a court and not a planning and administrative agency; that valuation and rate making have become expensive rackets incomprehensible to the layman.

Now let us see what the new Emergency Railroad Transportation Act provides. Its primary purposes are said to be to prevent waste and relieve burdens and obstructions resulting from the present acute economic emergency, and to safeguard and maintain

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an adequate national system of transportation. The act sets up a Coördinator of Transportation who is to work through and with three regional committees.

The carriers are to act voluntarily to avoid waste, reduce fixed charges and improve conditions generally. If unable to do so by themselves, they are to make recommendations to the Coördinator. If the committes do not act, the Coödinator can issue and enforce orders of his own. On the other hand, practically any interested party dissatisfied with an order of the Coordinator may have this order reviewed, or suspended, by the Interstate Commerce Commission, and the present appeal to the courts is also retained. All anti-trust laws are abrogated.

A labor committee is set up for each group. Specifically it is provided that there shall be no reduction in personnel of any railroad of more than five per cent in any one year.

Drastic provisions are made for control of holding companies. The so-called recapture clause under which certain earnings of the roads in good years were turned over to the Interstate Commerce Commission is repealed, and the funds held by the Commission are turned back to the carriers.

The expenses of the Coördinator are to be paid out of a fund raised by assessment on the carriers. The duration of the act is one year, unless it is extended for an additional year by proclamation of the President.

A new rule of rate making and valuation is established in place of the present rule, and provisions are made for the Interstate Commerce Commission to continue and keep up to date currently on an even more elaborate scale the scientific hash of valuation which has done so much to discredit Federal regulation, although Congress has made no appropriation available for this monumental work.

The new rule of rate making provides that "in the exercise of its power to prescribe just and reasonable rates the Commission shall give due consideration, among other factors, to the effect of rates on the movement of traffic; to the need, in the public interest, of adequate and efficient railway transportation service at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient to enable the carriers, under honest, economical, and efficient management, to provide such service." This new rule follows closely the recommendation of the Interstate Commerce Commission, the Committee on Interstate and Foreign Commerce of the House of Representatives, and the majority report of the National Transportation Committee. My own opinion as stated in the minority report is that this new rule is too vague and general to be of much practical use.

Generally speaking, the new law sets up a great deal of temporary emergency machinery. It fails to provide a permanent program or adequate authority to back up the Coördinator. There is no use in expecting too much from a makeshift. The best evidence that it is only a slight modification of the old unwieldy, unworkable and confusing Interstate Commerce Commission control is afforded by the fact that the Coördinator is to be merely a member in good standing of the Interstate Commerce Commission on a temporary leave of absence. If he sets up his shop in the Interstate Commerce Building, which would be the logical thing to do, he can stay right at his old desk, put on the Coördinator's goggles and false whiskers, talk in a husky voice and terrorize the two-fisted gentlemen operating the railroads who will of course not penetrate the disguise. Congress neglected only one step to make everybody happy. They should have had the job of Coördinator rotate monthly among all the members of the Interstate Commerce Commission. Then everybody could have had a shot at it before the emergency is over. What could be fairer than that?

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Our Next War for Peace

By Martin Sommers

How long would it take to defeat Japan? In discussing the question, Martin Sommers, former China war correspondent, reveals hitherto undisclosed data on Japan's suddenly increased military strength, and how it would be used in a United States - Japanese war.

WHETHER you call it "protection of the interests of our subjects," or brigandage, Japan now has bitten off all of North China she wants to chew at this sitting. Manchuria and Jehol, a bite of 420,000,000 square miles and 31,000,000 people, now is definitely part of the new Japanese Empire of Asia which the Seiyukai, or Japanese War Party, confidently expects will rule the world in fifty years or so. What can we expect from Japan tomorrow?

We have a great many reasons to expect war. For almost two years now, since the night of September 18, 1931, when the Japanese began "protecting the interests" of their subjects at Mukden, we have been drifting steadily and idiotically toward a war with Dai Nippon—insulting the Japanese on one hand and reducing our Navy on the other, a challenge to fight and an invitation to conquest. During this time it was fashionable to howl "Jingo!" at anyone who speculated on what might happen to us in a war with Japan. That cry is no longer fashionable, unless you want to call President Franklin D. Roosevelt a jingoist.

I am authoritatively informed that when former Premier Edouard Herriot, of France, and Prime Minister Ramsay MacDonald, of Great Britain, called at the White House to discuss debts recently, one of the things the President asked them both was what the course of France and England would be in event of an American-Japanese war. This phase of the conferences was not revealed at the time but, as a subject most vital to this country, it was discussed at length and in secret at the White House.

You may be surprised that embattled President Roosevelt, suffering from more than his due of Huey Long and other domestic headaches, is worrying his head over what we ought to do about the remote Japanese. You may ask: Obviously there is no sentiment in this country for a war with Japan—then why think about it, or talk about it?

Unfortunately while it may take two to make a fight, it frequently takes no more than one to make a fight unavoidable. Greek, Roman, Corsican, and British heroes pretty well proved that in the past. And while there is no war sentiment here, there are plenty of people in Japan who say that a war is unavoidable.

It would take only one of them to toss a bomb into the engine room of an American around-the-world cruising liner in the harbor of Yokohama, or to take a shot at a Marine Corps officer in Peping, and the fight would be on.

Here is what Lt. General Kiokatsu Sato, Japanese Imperial Army Retired, said in a recent speech to Nipponese youth:

"It is our duty to detest and loathe the people of the United States. There is no need to employ honey-coated words or high-sounding expressions. We must speak out frankly and without reserve. 'Our enemy is the United States of America.' Arise! Exert yourselves! Prepare for the coming Japanese-American war. We must chastise our enemy, the United States of America."

Here is a random excerpt from the Tokyo newspaper *Yorodzu*:

"Whatever may be their (the Americans') object, their actions are more despicable than those of the Germans, whose atrocities they attacked as worthy of the Huns. At least these Americans are barbarians who are on a lower plane of civilization than the Japanese."

Do these quotations represent the true sentiment of the Japanese people?

They represent the true sentiment of the *ruling* Japanese. In Japan there are elder statesmen as well as liberals, intellectuals, and pacifists who are firmly opposed to a war with America. But they have no more chance—now, or in the immediate future—of putting their policies into effect than Herbert Hoover now has of firing the Postmaster General of the United States. The Seiyukai, or War Party, imbued with the spirit that has been Japanese since the little pirates of mixed race from the Philippines and Malaya came north to drive the aboriginal Ainus of Japan into barren and arctic islands, is in the saddle and conquest bent.

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The fellow who wonders why the President is worrying about Japan counters: "Well, what of it? Say the Japanese make us fight 'em, can't we send our fleet over, give 'em the licking of their lives, and wash the whole business up in a hurry?"

Maybe once upon a time, but not today, and not tomorrow. Today we have an entirely new war problem in Japan. As a power today Japan is not at all the same Japan of prior to the seizure of Mukden. And there is every evidence that the Japan of 1940 will be still more powerful.

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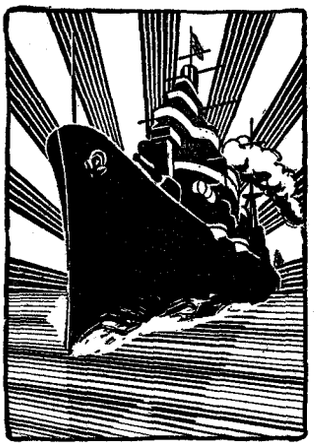

That is why the President is thinking of Japan versus the U. S. A.

There has just been placed at the White House disposal an entirely new and revised estimate of Japan as an enemy. I have learned that some military experts have advised their Commander-in-Chief that while it would have been possible to defeat Japan in a year previous to September 18, 1931, it now would take five years, no less. Other experts say this is too pessimistic a view, that we could still defeat Japan in two to three years, if . . . The "if" includes a long and intricate list of suppositions. But even the most optimistic of the experts agree that Japan today is 25 to 50 per cent stronger than two years ago.

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Should we then have gone to war with Japan and been done with the matter once and for all when Mukden was seized? Whether or no that would have been wise is beside the point, we didn't and it's too late now because we are dealing with what our own best judges admit to be a new power.

What makes Japan a more powerful potential enemy today than yesterday?

The researches of our Army, Navy, and Marine Corps, hitherto unpublished, have established that through the conquest of the old Chinese provinces of Kirin, Liaoning, and Heilungchiang, and Jehol—not to mention the assumption of a sort of twilight rule in Chahar province—, the Japanese have won themselves a war hope chest much more valuable than anybody believed.

War today means primarily economic strangulation of the enemy. Peace time study of his imports and exports, analysis of his lack of critical materials and their source of supply, closure of his normal trade routes at the earliest moment after a declaration of war, how to starve him—these are the major problems of the modern strategist.

There was a time when Japan was easily strangled, starved. But that was before the Japanese moved into Mukden.

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Here are the statistics on which our best military experts base their calculations of Japan's increased strength through conquest of Manchuria and Jehol:

ALUMINUM ORE—175,000,000 tons. This estimate includes scattered deposits of magnesite, is a Japanese estimate, and is probably very optimistic, since it was made by hired foreigners trying to make a good impression with the Tokyo Government. The minerals are useful for the manufacture of airplanes, hospital, and mess equipment.

AMMONIA SULPHATE—1,000,000 tons, obtainable from coal by-products. At present the Japanese import 250,000 tons annually, at a cost of about $17,000,000 a year.

AMMUNITION (Finished Product) — 500,000 rifle rounds daily. 5,000 shells of varying sizes daily for artillery. This was the rate at which ammunition was produced in Mukden Arsenal for Chinese Marshal Chang-Hsueh-liang when Japanese seized it. Today production is approximately 20 per cent more efficient.

COAL—3,000,000,000 tons, much of it especially high grade, from the Fushun mines.

CATTLE—2,725,270 head. About 2,000,000 of which are within butchering and packing range.

FOODSTUFFS (Garden and Farm)—100,000,000 Asiatics—more than the aggregate populations of Japan proper, Manchuria, and Jehol—can be fed indefinitely on the soya beans, wheat, millet, oats, barley, and kaoliang, a kind of sorghum palatable to both man and beast of North China. The soya bean has been called "modern manna" because, per ounce, it contains more protein than anything else grown from Mother Earth.

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HORSES—3,247,990 head. An accurate census—horses are counted with greater care than humans in the four provinces of North China that have fallen to Japan.

IRON—500,000,000 tons ore reserves. Next to coal the most valuable resource of all Manchuria. Ansham steel works already functioning efficiently. During the last ten years the Japanese spent between $20,000,000 and $30,000,000 annually on steel imports. Conquest gives them 75 per cent of all requirements in the future.

PARAFFIN—15,000 tons produced annually. Very valuable for munitions and other military uses.

PETROLEUM—5,300,000,000 tons of shale available—without any consideration of the oil said to be ready for drilling in Jehol. At present this shale yields 70,000 tons of high grade fuel oil annually. Japan estimates 79,000,000 gallons can be obtained yearly from the shale, which has a 6 per cent oil content. At present Japan imports 700,000 tons of fuel oil annually. With the new reserve available, the Japanese probably can produce 200,000 tons of oil annually, stepping up production 50,000 to 100,000 tons yearly, from today on. Ironically, the process through which they are able to produce oil profitably from their shale was invented by a German-American from the Middle West, whose discovery was rejected by our oil companies. He has since sold it to the Russian Soviet and Japan.

SALT—450,000 tons annually. The Yellow Sea and Gulf of Pechili provide rapid evaporation, and therefore plenty of salt quickly.

SHEEP—4,640,560 head.

SODA ASH—60,000 tons annually. Japan now imports 100,000 tons a year. Absolutely necessary for the manufacture of gun powder and munitions of all kinds. The Japanese hope to produce 200,000 tons a year.

SWINE—8,507,190 head.

TIMBER—200,000,000 tons. Our experts estimate that heretofore the Japanese have imported little more than 1,000,000 tons annually in the last few years.

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Naturally this is only a rough appraisal of the big pantry and coal bin Japan has acquired. It does not take into account any prospects, only what has been found. For example Herbert Hoover, when a young mining engineer, reported to his London associates that he found, in Jehol province, a gold deposit that assayed better than 95 per cent of those being mined throughout the world at the time. Banditry, that has held sway from that day

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—1899—until the present, has prevented any attempt at mining.

The gentlemen who think it odd that President Roosevelt today is worrying about the Japanese rise to remark: "Okay, but Manchuria is a wilderness, as everybody knows, and so is Jehol. Can Japan establish transportation that will make these materials available?

Japan not only can, but is doing just that at the moment.

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The Nipponese already are proceeding with the completion of the railway from Tunhua to the Korean border in Kirin province, and the development of the invaluable port of Rashin, in Northern Korea, strategically situated to receive all Central Manchuria products direct from Tunhua and expedite their shipment to Japan. Another railroad, the South Manchuria, already is a sure sea outlet, draining the Manchurian reservoir of raw materials along a route at right angles to the territory to be served by the Tunhua-Rashin hook-up. Proceeding to cover their new territory with a network of railroads strategically aligned, the Japanese, in a few years, will be able to tap all important resources.

Incidentally, their program proves that the Japanese know wherein China failed in her attempt at unification. China's error—as the Chinese only too loudly point out when soliciting foreign loans, but never themselves correct—was that the Republic failed to establish swift communication and transportation routes at once.

If it took six months to send a message from Washington, D. C., to the sovereign state of Louisiana the Governor of Louisiana would see no reason to send revenues to the national capital. Obviously if a message took six months, an army would take a year and cost much more than the annual revenues of Louisiana. This explains exactly why various war lords set themselves up as governors of Chinese provinces and defied any attempt at national unity. The Japanese are making sure that they will be able to get pacifying armies and punishing bombing planes to rebellious areas as fast as steam and gasoline can take them there.

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The gentlemen who always belittle Japan are likely to counter: "But can't we get the jump, force one decisive naval engagement, and defeat the Japanese at one stroke because, according to the treaties, we are 5-to-3 stronger than they at sea?"

It would be easier to take the city of London at one stroke. Why? Because London is less than half as far from our coasts than Japan, and in a naval engagement distance from base remains the most important factor.

No sane (this adjective excludes several) admiral in the world would venture a decisive engagement against the Japanese Navy within 700 miles of Tokyo unless his own fleet were 2-to-1 stronger than the Japanese. No sane admiral would attempt such an engagement in the Japan Sea—the pond of swift passage that assures Tokyo a steady supply of food and materials from Korea and Manchuria—no matter what the odds in his favor.

And here is how, according to the United States Naval Institute Proceedings for June, 1933, we compare with Japan today:

STATISTICAL DATA ON COMBATANT VESSELS

SUMMARY OF VESSELS ON APRIL 1, 1933

UNITED STATES

Type	Built No.	Built Tons	Building No.	Building Tons	Appropriated For No.	Appropriated For Tons	Grand Total No.	Grand Total Tons
Capital Ships	15	455,400	..	.....	..	.....	15	455,400
Aircraft carriers	3	77,500	1	13,800	..	.....	4	91,300
Cruisers "A"	11	100,000	5	50,000	3	30,000	19	180,000
Cruisers "B"	10	70,500	..	.....	..	.....	10	70,500
Destroyers	251	267,470	8	12,000	4	7,400	263	286,870
Submarines	82	67,790	2	2,260	..	.....	84	70,050
Total	372	1,038,660	16	78,060	7	37,400	395	1,154,120

JAPAN

Capital ships	9	272,070	..	.....	..	.....	9	272,070
Aircraft carriers	4	68,870	..	.....	1	8,000	5	76,870
Cruisers "A"	14	123,520	..	.....	..	.....	14	123,520
Cruisers "B"	20	93,375	2	17,000	2	17,000	24	127,375
Destroyers	102	121,065	5	6,890	7	9,646	114	137,601
Submarines	71	77,842	5	7,500	4	5,600	80	90,942
Total	220	756,742	12	31,390	14	40,246	246	828,378

Note: Cruiser "A" (Heavy). Cruiser "B" (Light).

A quick look-see at the comparative table shows clearly how far below the 5-3 status of the treaties we are. The Japanese have a well-balanced fleet under age—the equal in tonnage of our newer vessels, which are not so well balanced. Japan is definitely more powerful in destroyers and submarines, both types of vessels which would be most useful of all in an American-Japanese war. Our slowest capital ship has a maximum speed of 19 knots, our fastest, 21. Japan's slowest does 22, her fastest 27. Our heavy cruisers do 32 knots, while the Mikado's cleave the waves at 33. Speed is an inestimably important consideration because an American-Japanese war would be one of almost endless manœuvres and hit-and-run raids.

Even the figures do not show all our deficiencies. A fact often overlooked is that all of the Japanese ships are fully manned at all times. During the last five years the complement of our vessels has ranged between 70 and 85 per cent. At the moment two of our battleships are undergoing what is called modernization and would not be available, even if work were rushed, for four months after the beginning of hostilities. On June 9 last the United States Navy adopted a new operating schedule under which all ships will spend at least three months in navy yards annually, and the enlisted personnel will be reduced from 79,700 to 77,000.

On June 15 we took a step in the other direction when Secretary of the Navy Claude A. Swanson announced a $238,000,000 building program of thirty-two new ships—four cruisers, twenty destroyers, four submarines, two aircraft carriers, and two gunboats. This is encouraging, but at that not one of these will be in the water for three years, and our present policy will not permit any to be more than 75 per cent manned.

Meanwhile the Japanese are building right up to treaty limits with newer, faster ships. Our intelligence officers report they intend to have 2,500 to 3,000 land and sea fighting planes in service by 1936. They have themselves announced that the next time they can get Uncle Sam to sign the papers they will refuse to take a 5-3 rating, even in theory, and will demand parity in the Pacific.

But is not the economic strangulation of Japan still possible?

Now there is an argument.

It is an exploded theory that money is necessary to fight a war. Sometimes an idea, a strong arm, and a

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bayonet are enough. Japan has a strong arm and a bayonet, and is the only country so equipped that has a pure idea left—the idea being that whoever dies for the Mikado lives well indeed.

Nevertheless money is sometimes necessary to win a war. The Japanese are certain to find themselves out of money—or whatever passes for money today—in a long struggle. Economically they are governed by the export of raw silk and the import of raw cotton. We are their best customers, far and away. Discontinuance of trade with us would mean financial ruin for the Japanese.

When?

Well, let us take a look at the way a war between the United States and Japan might go. Here is the way some of our experts, whose reports are available to President Roosevelt, visualize it:

Our Marines in Shanghai and Peking surrender upon the declaration of war, since mass suicide would be the only alternative. The Japanese take Guam and the Philippines without any serious trouble whatever because we are not defending them today, and can't defend them.

Our fleet takes a position around the Hawaiian Islands to which we send an army division because the population is 40 per cent pure Japanese and we must take great precautions to make sure our naval base or ships in harbor aren't blown up. Both battle fleets mark time while the submarines, camouflaged raiders, airplanes, and dirigibles of the United States do a few stunts calculated to upset the aplomb of the methodical Japanese.

(Sincerely patriotic Americans who oppose our costly experiments with lighter-than-air craft overlook the fact that Japan is our No. 1 potential enemy, and Japan can't fly dirigibles. A dirigible may be a wild jackass of a war weapon, but it is at least one weapon we have, and Japan hasn't. And a wild jackass can make plenty of trouble for everybody in his way even when in the process of getting himself killed.)

The war settles down to operations around Japan's mandate islands, stretching from a few hundred miles off the Philippines to within striking distance of Hawaii. Our manœuvres theoretically are designed to retake the Philippines, or to box the Japanese into some sort of decisive engagement in a position advantageous to us.

(The 623 mandate islands, actually acquired by Japan through secret agreement with Great Britain, France, and Italy before the World War, are very well fortified. Nobody knows how well; not so long ago an American with some unexplained military connections was found murdered on the beach of one of them while vacationing there. Japanese police reported that robbers had killed him.)

Our ships find recapture of the Philippines virtually impossible. They discover the Bonin group, the Mariana group, the Ladrones, Pelews, Carolines, Marshalls, Gorol, Mintoe, Namoi, Kussaie, and Brown group—as well as some of the atolls—have submarines in their bays, and an excellent wireless network for reporting movements of an enemy fleet. A complete reconnaissance fails.

Mined harbors and the very number of the mandate islands make destruction of all bases impossible. We lose ships and so does Japan in duck-on-a-rock warfare at sea.

By this time the war is two, three, four, or five years old. We have allies, or haven't. Japan has allies, or hasn't. (A fellow who holds mortgages on all the neighbors has few true friends among them.)

But Japan is broke now—the shoe string monetary capital is exhausted. For years Japan's 12,000,000 or 13,000,000 silk workers—only 1,000,000 of whom could be placed in war industries—have been jobless because the United States hasn't bought any silk. They are making plenty of trouble. After a few years of war those 11,000,000 or 12,000,000 unemployed Japanese silk workers—a sixth of all the people in Japan—are the best soldiers the United States of America has.

Our next best soldiers at this point are the Chinese—a nation of merchants. Earlier in the war they sold themselves to whoever got to their till side with the most money, first. They could no more put desire for revenge above passion for gold than they could put patriotism above the same passion when their own good earth of Manchuria was invaded by the Japanese. In this last stage of the war, however, Tokyo no longer has any gold for Chinese palms. We have. Chinese sabotage increases.

One of two things happens.

Trouble with her people in her own back yard and the rapscallion neighbor in the alley forces Japan to submit to unfavorable terms of peace dictated by us. This dictation will not get us much because Japan will be broke.

Or, goaded to gamble everything on a single toss, the Japanese risk a decisive naval engagement around Hawaii. We win, or we lose.

Nobody really wins anything—it has all been even sillier than the average war.

How can we prevent this war—what can we do about the Japanese now?

In the past we have added unnecessary insult to necessary injury in dealing with Japan through the excesses in the by-products of the Asiatic Exclusion Act and our meddling in Japan's Manchurian business. At the same time, through naval reductions, we deprived ourselves of the power to cope with the Japanese in case they felt the insults so deeply they decided to swing on us.

The exact reverse should be our future policy.

Why not offer Japan a firm right hand of friendship? Recognize the joke country of Manchukuo, do what business we can with the $12,000,000 stake we already have there, promote a little hands-across-the-Pacific stuff.

We could stand a light touch in our international relations. We've been stern old Uncle Sam, the money lender with the welfare of the world at heart. It's cost us what may yet amount to national bankruptcy, and got us nothing except hatred. A boy has nothing but dislike for a stern old uncle who takes a mortgage on his mother's house, provides ready cash for the boy's education, demands a strict accounting of how the money's spent, and also insists the young student lead a highly moral life. The same boy loves genial Aunt Marianne, who is not so interested in her nephew's education or character building, but gives him a $5 bill for a Saturday night party.

We've been the uncle in the case of Japan, and France, paying no bills but appropriating large sums annually for entertaining foreign visitors royally and sending free-spending missions abroad, has been Aunt Marianne.

Why not show Japan a lethal left hand?

We can do that by insisting on a strict 5-3 ratio, and seeing that our forces have this advantage on the seas every day of the year. With such a right hand extended in friendship to the new first class power out East, and such a left hand cocked for a knockout in case the right is refused, the danger of an American-Japanese war would not be one-tenth as great as it is today.

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Static Ahead!

by Allen Raymond

This is the second article in a series on the growth of radio. Allen Raymond, who discussed radio's fight over news in the June issue of New Outlook, is a former London correspondent of the "New York Times."

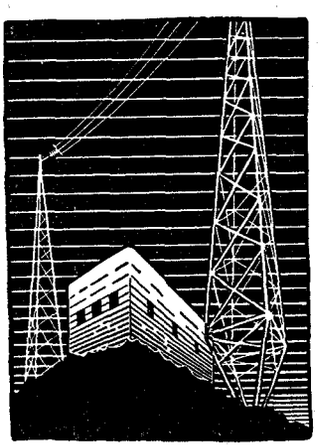
WHEN Congress, yielding to the political pressure of reformers and other persons with axes to grind, comes to consider what shall be done with this strange mixture called Radio—part show business, part newspaper, with a dash of the schoolmaster and an overdose of house-to-house peddler—the commercial broadcasters are likely to awaken to the fact they have very few friends.

Was there ever an industry which in a few brief years made so many enemies?

The newspapers are hostile competitors in news dissemination. They feel that they have been exploited and gulled into giving the new radio "art" barrels of free publicity, and are aggrieved at a lamentable lack of *quid pro quo* in paid advertising.

The amusement world is far from friendly, though radio as an industry has become inextricably entwined with the movies, and has yielded rich salaries to comedians, crooners, saxophone players, and night club maestros. Nevertheless, Broadway considers that radio has destroyed more performers than it has created.

Radio, the amusement people say, is giving the public the stay-at-home habit, and hence is inevitably an enemy of the theatre and the film cathedral. The movie masters cried out with alarm at the competition of entertainment, or instruction, within the homes of the millions during the last Presidential campaign, when their receipts dropped off enormously. Box office authorities estimated that in the two months of campaigning, the Hoover-Roosevelt contest as presented on the air kept at home $50,000,000 worth of movie-goers.



In September and October, 1932, there were at least twenty-five coast-to-coast hook-ups, and listening to these, the movie men figured, were about 40,000,000 persons. At least one in five of those would very probably have sought surcease from human sorrow at his local theatre, if he had not been able to get free entertainment at home. Eight million persons, depositing a quarter apiece twenty-five times in the course of two months, would have swelled the revenues of Hollywood.

The moans of the Shuberts and other Broadway impresarios over competition for the legitimate and illegitimate drama now given by radio within the home have brought tears to the eyes of sympathetic people.

Those persons who once were engaged in the piano business, but who are now un-engaged in any gainful endeavor, would not be annoyed if Congress took a swift poke at radio.

Tin Pan Alley, as represented by the American Society of Authors, Composers and Publishers, has been fighting the broadcasters violently for years, and so crucial is their battle now that they have engaged the subtle Ivy Lee to mould public opinion against their foes in the radio field.

To be sure, the talents of that master publicist, Oswald F. Schuette, have now been summoned to the aid of the broadcasters, in their fight with the musicians. But Mr. Schuette, within the last few years, made so remarkable an assault on the "Radio Trust" and the "Radio Racketeers," (his own coined expressions) as to be credited with having forced the dissolution of a vast, illegal monopoly. However much that great campaign within the courts of public opinion may have gained for the surviving independent radio manufacturers, radio as an industry will be many a year in allaying the popular suspicions of its purposes, and the popular antagonism toward its leadership, which Mr. Schuette and his backers so cleverly aroused.

Wherever the uplifters are met today, one hears sinister rumors of the Radio Octopus, as linked to the Power Trust. They aver it is controlled by that highly centralized group of vast wealth which can be dramatized in the dynasties of Morgan and Rockefeller. Vast, predatory riches that come too close to ruling the country!

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In other words, radio as it exists today is so vulnerable that it would be a push-over for a real first class reformer like the late Wayne Wheeler. And it fights for its life on airways that it never can own, because Congress has recognized them as public property. Every six months the commercial broadcasters have to go before the political representatives of the American people and get renewed permission to use the "frequencies" which have been allotted to them temporarily by the government on grounds of "public interest, convenience and necessity."

All the broadcasters' investments in luxurious studios and expensive transmitters are predicated on the gamble

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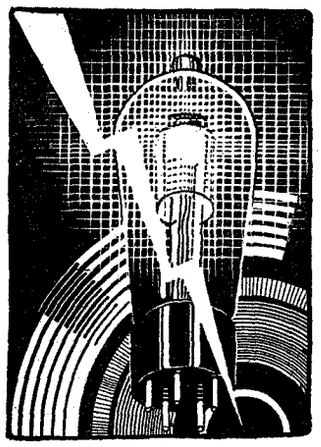

that they can continue to convince the politicians that they, rather than some other agency, can best serve the public. No wonder Roy Howard scoffed, at the Associated Press meeting in April, at the idea of radio broadcasters going to war with the press. "Not while their property rights in the air rest on so flimsy a foundation," he asserted.

Yet now the war is on, and all the enemies of commercial broadcasting are heartened. For the broadcasters make enemies on two counts, primarily by the quality of their programs, and secondarily by the character of their trade practices.

Almost a year ago, the rising chorus of resentment at the commercial practices of the broadcasting business, and distaste for the quality of its so-called entertainment, resulted in the adoption of a resolution by the United States Senate asking the Radio Commission for information sufficient to enable Congress to deal with the radio problem.

The Radio Commission, answering a series of pertinent questions on the conflict between commerce and education over the air waves, did its best to defend the existing order of broadcasting, but the Congressional critics of it are far from stilled. Delayed by necessity for dealing, in the Special Session, with the sharper emergency of a general economic breakdown, they are only awaiting the next regular session to amend the Radio Act of 1927, which now rules the ether, and to give the public a new deal.

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The brief preamble of Senate Resolution No. 129, introduced by Senator James Couzens of Michigan, is perhaps the most significant portion of it. In seventeen pungent words it sets the seal of Senatorial approval upon a popular indictment of radio programs as infantile twaddle mingled with impudent salesmanship.

"Whereas there is growing dissatisfaction with the present use of radio facilities for purposes of commercial advertising," the resolution starts. It under-states a fact so obvious that it is beginning to be perceived by the masters of radio themselves, high in their ivory towers and surrounded by yes-men. The number of radio critics increases. Their Bronx cheers grow violent.

The spear-head of a rising popular demand that broadcasting as we know it today be drastically altered is undoubtedly the National Committee on Education by Radio, with headquarters in Washington, D. C., of which Dr. Joy Elmer Morgan is chairman. This organization has supporters by no means contemptible, though the broadcasters sneer at it as "an uplift racket."

Specifically it asks that fifteen percent of available air channels be set aside for educational broadcasting, as may be required by state and private educational institutions. It is the belief of the committee that a development of radio by non-commercial agencies is quite as essential to the welfare of the country as is the development of broadcasting by commercial agencies, and it maintains that whenever a non-commercial agency and a commercial have come into conflict, the commercial has won, for several understandable reasons.

The commercial broadcaster usually had more money to fight. Commercial broadcasting generally has been favored by the Federal Radio Commission, as against educational broadcasting, partly because of the personal make-up of the commission, and partly because the commercial agency could bring a high degree of political pressure to bear in its efforts to gain what it wanted.

Backing the National Committee on Education by Radio in its fight for a definite reserve share of the air waves are the National Catholic Educational Association, the National Congress of Parents and Teachers, the Department of Superintendents of the National Education Association, the National University Extension Association, the National Education Association, the Association of Land Grant Colleges and Universities, the National Association of State Universities, and the Jesuit Educational Association, representing twenty-seven universities and colleges and thirty-seven secondary schools within the Roman Catholic Church.

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Such is the nucleus of a movement bound to grow rapidly, fed by the discontent of the public with radio programs. Pointing to the perils of a nation dominated in its thought by the "Radio Trust" is merely a matter of political strategy; good platform stuff, sure-fire propaganda to win the intelligentsia and liberals.

The basic argument which assailants of commercial broadcasting count upon most surely to rally a great popular following is the unanswerable statement that radio programs under commercial auspices have been terrible. Awful! Unfit for human consumption!

This being a statement of opinion, purely, it can hardly be contradicted except by a differing opinion, and the opponents of commercial radio start with a great psychological advantage. Most of literate America, surely a majority of the people whose mentality has passed the twelve-year norm, will agree with the foes of commercial broadcasting immediately.

If, indeed, radio is an "art," which its apologists assert, it at least is too young an art to have developed any classical standards. The excellence, or worthlessness, of its programs is so completely a matter of opinion that the advantage in any discussion of them has already passed to the attack.

H. L. Mencken first struck pay gold in modern America's love for a rousing attack, and its tendency to string along with the assailants of anything rather than the defenders. And radio has been one of the favorite targets for his diatribes. Lee De Forest, the father of broadcasting, scarred by his battles with the "Radio Trust," has been vitriolic in his denunciations of the use to which radio broadcasting has been put by the studio hucksters.

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Mencken? The sage of Baltimore has already taken his stand for publicly-owned broadcasting administered by cultural experts, and has upheld the programs of the British Broadcasting Corporation as a model for this country to follow. Of American broadcasting, Mencken says: "We have an almost unbroken series of propaganda

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harangues by quacks with something to sell, and of idiotic comments on public events by persons devoid of both information and ideas. The British Broadcasting Company is a government agency, and is supported by a small annual tax on radio receiving sets. It sends nothing shabby, cheap or vulgar onto the air. There is no bad music by bad performers; there is no sordid touting of toothpastes, automobile oils, soaps, breakfast foods, soft drinks and patent medicines. In America, of course, the radio program costs nothing. But it is worth precisely the same."

Granted Mr. Mencken's efficiency in voicing the current distaste which thousands of discriminating people have acquired for radio programs which enter their homes in the guise of entertainment and instruction merely to annoy them with advertising, he is obviously wrong in one point. The radio program costs the American public, as consumers, a considerable portion of the advertising expenditures which support it. Where the advertising has resulted in so greatly increased sales as actually to diminish the price of the goods which the public buys, the public may have received some rebate. This rebate, however, would probably be cancelled by the amount of shabby and shoddy merchandise which the people have been gulled into buying because of the bogus claims of advertising men more occupied with rolling up sales than with clinging to truth.

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The illusion of the ignorant, so carefully fostered by propaganda of the broadcasters, that listeners escape paying for their radio entertainment because commercial sponsors pay the immediate fees for it, will not stand an instant's thoughtful examination. Consider the testimony of Harold L. Stuart, president of the financial house of Halsey, Stuart & Co., early this year, before a Senate committee. This was the concern which sponsored a program of advice on investments, in the late lamented boom days, and made $36,000,000 in paper profits ballyhooing the utilities stocks of the Insull companies. Halsey, Stuart & Co., acting on the advice of Merlin H. Aylesworth, president of the National Broadcasting Company, hired a college professor with an "honest sounding" fatherly voice to take the air under the pseudonym of "Old Counsellor," and to "educate the public on investment topics." In other words, "Old Counsellor" was set to work, talking in the homes of the uneducated, warning them of the pitfalls before unwary investors, and counselling them to have faith in the stocks that Halsey, Stuart & Co., as a reputable concern, was handling.

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Investors in Insull securities throughout the country might answer from actual knowledge just how much this radio instruction, or entertainment cost them, even though its sponsor paid to have it sent free into their parlors.

Similarly every phony patent medicine which commercial broadcasting has helped to foist upon the people has been a tax on them. Every time people have been sold something under false pretenses over the radio the people have been taxed for their entertainment. For many months there was a graduate medical student who had never practiced medicine extolling the medicinal qualities of yeast in the popular Rudy Vallee hour, and he may still be doing it, although Ring Lardner exposed his racket. Yeast may indeed be quite as healthful as the fake healer says it is. But all the sales of yeast which have been made to buyers because of their radio-received impression that they were obtaining conscientious medical advice to purchase it have been a swindle and a fraud.

The cost of frauds, then, is part of the tax which radio listeners are paying for commercial broadcasting, or what is known as the "American system." Will not the antipathy of the bilked arise some day to plague the broadcasters; in that day when Congress gets down to serious consideration of what will be done about those air waves which are public property, and not the property of the broadcasters?

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Large portions of the public, not allied to reformers, are in silent revolt against the stuff that has been sent into their homes from the studios. Their radio cabinets gather dust, and are seldom opened. Having invested in radio sets a far greater sum than all the investment of the broadcasters themselves, they collectively have a greater stake in radio as a national institution. Their interests come first.

The more discerning among them will listen with interest to the opinion of Lee De Forest, the American inventor, who urged the Canadian House of Commons to take broadcasting and rescue it from "unworthy keeping."

"Within the span of a few years, we in the United States have seen broadcasting so debased by commercial advertising that many a householder regards it as he does a brazen salesman who tries to thrust his foot in at the door," De Forest testified. "Under what the present masters of American broadcasting are pleased to call the American Plan, broadcasting is regarded as a nuisance by uncounted thousands. Radio sets are a drug on the market. Thinking people resent the moronic fare that is offered them. They resent the fact that the rights of education on the air have been steadily curtailed by the insistent advertiser. They are in revolt against the policies, rooted in greed, which have made the ether a market place.

"They demand that this huckstering orgy be curbed, that they, the owners of receiving sets, whose financial stake in radio is vastly greater than that of the station owners, shall no longer be fobbed off with a vulgar, cheapjack show, designed solely to coax dollars out of the pockets of the public."

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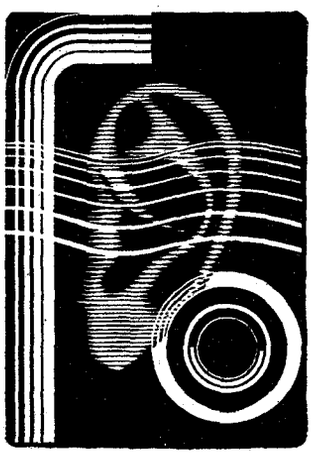
De Forest did not speak as a foe to commercial sponsoring. He admitted in his testimony that good programs required great expenditure. He merely cited the experience of such concerns as Atwater Kent, and Standard Oil of California, that brief notices of sponsorship at the opening and close of programs more than paid in good will the organizations presenting high class entertainment. He implored the Canadian legislators to prohibit all direct sales talk from broadcasting, and to permit brief sponsorship notices only.



There is, of course a considerable amount of illiteracy in the United States, and semi-literacy embraces the millions. For a short time, probably, the semi-literate can be exploited for sales purposes by appeal to the ear, through radio, just as their

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eyes are appealed to by the tabloids and the movies.

Yet gradually the social attitudes and beliefs of the well-to-do seep downward into the skulls of Nellie, the beautiful manicure, and Izzy, the bill-clerk, her steady boy friend. Once let these humble folk grasp the fact that sophisticates everywhere have tuned off their radios, and regard the attention paid by the masses to broadcasting salesmanship as just another sign of stupid gullibility! Radio advertising will not then have the appeal to national manufacturers that it had in the later 20's.

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Psychologically, at any rate, the critics of radio start with a vast advantage over the defenders. They call attention to the American Plan's conception of a cultural program as the playing of "The Blue Danube" or Handel's "Largo," alternated with "Turkey in the Straw," and "Song of India." The laugh is easy. Then they cite the British Broadcasting Company's devotion to Beethoven and the majestic harmonies of Johann Sebastian Bach. The gasp of awe-struck admiration ensues, even from persons who could not be hired to sit through a symphony. Slowly the new national credo is building, an unreasoning half-truth, declaring radio programs always lousy, and an imposition on the public, whereas actually (every now and then) one can hear a radio program that is thrilling and uplifting to the mind and spirit.

It is all very unfair, of course, and must be disheartening to the boon companions of worthy studio managers. But the discontent is beginning to reflect itself in utterances of the Federal Radio Commission itself. Only in May, Commissioner Harold A. Lafount told the annual assembly of the National Advisory Council on Radio in Education, that something would have to be done to improve the quality of radio programs.

"The National Broadcasting Company and the Columbia Broadcasting System," he said, "are to be congratulated for maintaining a high standard of program during the depression period. I recognize the fact, however, that many of the 450 stations not affiliated with these chains, and fifty others who broadcast chain programs only a small portion of their time, are having difficulty in providing worthwhile sustaining programs.

"A recent study made in our office shows that there are approximately 25,000 hours per week of unsold time now being used for sustaining programs. This time is often used to broadcast material of little entertainment, and perhaps of no educational value. I say, generally speaking, this sustaining time is not used as intelligently as it should be."

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Commissioner Lafount followed this regretful dictum by proposing an extension of governmental broadcasting, the very thing which the commercial broadcasters are fighting, tooth and nail.

"Believing this is a time for action," he said, "and that further delay in assisting broadcasters to provide additional educational programs over existing facilities would be detrimental to the best interests of this country, I suggest an inexpensive but effective plan, a portion of which could be put into operation almost immediately.

"Educational programs could, and I believe in the near future will, be broadcast by the government itself, over a few powerful short wave stations and rebroadcast by existing stations. This would not interfere with local educational programs, and would provide all the broadcasters with the finest sustaining programs."

The Progressive fringe, then, of the politically and commercially minded Federal Radio Commission, is moving toward something like the British Broadcasting system, not as a monopoly, however, but as a competitor in some degree, and an ally in some measure, for the commercial broadcasters.

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The crime stories and oriental shockers, as now put on the air by prominent sponsors are not helping commercial broadcasting any.

Opposition to the crime story, as broadcast by commercial radio sponsors, comes from widely divergent types of persons. Granted the reformer-complex inherent in a considerable part of the American people since the cantankerous Pilgrims first set their brogans on Plymouth Rock, it might be considered only natural that the Central Council of the Parent-Teachers Associations of Rochester, N. Y., passed resolutions condemning the wafting of melodramas into the ears of children at home. A statement by New York City's new Police Commissioner James Bolan, however, criticizing crime stories in broadcasting as liable to give dangerous ideas to young America, indicates that a completely different species of mind looks on the influence of radio apprehensively. Bolan is a practical cop, like his predecessor, Mulrooney, and is in no sense a reformer. The most pointed barb in the resolution of the Parent-Teachers' Association at Rochester was not its declaration that stories of criminals tend to make little Willies and Mabels cry out with fear in their sleep. It was the suggestion that parents who do not care for this sort of thing might do well to boycott advertisers whose broadcasts they consider a menace to children's welfare.

The drive against the broadcast shockers reached a new peak when some critic pointed out that the Eno Crime Club's shocker of Feb. 21-22, 1933, contained a story much like the kidnaping of the little McMath child from a school on Cape Cod, and might well have suggested the method of the crime to the half-wit who seized the girl and has since been sent to an asylum. Several new gray hairs were accumulated because of that suggestion by executives of the advertising agency which staged the program, and by heads of NBC which broadcast it. That was the incident that elicited Commissioner Bolan's disapproval of aerial crime yarns.

A public increasingly scornful of its radio programs, joined to that large part of the American people who are cheering President Roosevelt's attempts to throw "the money changers out of the temple," is highly susceptible to charges by the reformers that radio is dominated by the Power Trust, and by those big financiers who are no longer heroes.

What a wealth of ammunition is in the reformers' locker! All the evidence which led to the dissolution of the R. C. A.-General Electric-Westinghouse tie-up, by direction of the Federal Courts. All the evidence from those suits against the Radio Corporation which Lee De Forest won before the struggle broke him. And the visible presence of Merlin Aylesworth at the head of the nation's biggest chain of broadcasting stations,—a chain owned lock, stock and barrel by RCA.

Mr. Aylesworth is an able organizer. Astute and personable. Ingratiating, even. But because of his record as head of the now defunct National Electric Light Associa-

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tion, there is scarcely a liberal in the country who does not distrust him. When magazines like *The Christian Century,* appealing to church folk, and periodicals like *The New Republic* and *The Nation,* appealing to foes of Big Business' domination of American civilization, discuss the propaganda of materialism, or the control of public thought by predatory wealth, the record of the National Electric Light Association is commonly cited as the most vicious example of both.

It was Aylesworth who urged public utility executives to subsidize professors of economics in the colleges, and who informed them they need not mind the expense, because the public was bound to pay the expense. Quotations from his advice to the utility men form part of the standardized anti-radio propaganda of today, because the power and public utility interests, whose servant was the N. E. L. A., are undoubtedly the most unpopular commercial group in the country with the possible exception of the bankers.

Rightly or wrongly, all that section of the American people who heed the Scripps or Hearst papers, and who have seen the state Public Service Commissions fall back, baffled, in such attempts as they have made to regulate the power companies in the public interest, are convinced that the power companies are extortionate in their rates; that they have been a corrupting influence in American government and education; and that the maze of overcapitalized holding companies which they erected to disguise their operations and to make vast profits out of watered stock flotations were one of the principal factors in wrecking the country, bringing unemployment and wretchedness to millions.

Insofar as Aylesworth became the symbol of Power Trust propaganda during the 20's, he is now inevitably a shining, wide-open target for the anti-Power Trust propaganda designed to curb commercial broadcasting.

Not without reason do the reformers point to the great share in radio facilities which has been granted by the Federal Radio Commission to the National Broadcasting Company. Under the quota system, based on wattage and time of use, the F. R. C. has measured the radio facilities of the country in 400 units. Out of these 400, the N. B. C. had 183.99 in 1931. The Columbia Broadcasting System had 108.02. All the independents combined have only 112.35, and all the educational stations combined have only 26.10. The proportions are about the same today.

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Radio broadcasting, then, under the direction of the Federal Radio Commission as it has been constituted prior to the New Deal, has not been exactly a monopoly, howevermuch the monopoly cry may be raised against it. Two big chains, however, one of them owned absolutely by an organization that was part of an illegal monopoly prior to dissolution, have three-fourths of the power and influence within it.

Why? Because of the subservience of the Federal Radio Commission, according to the reformers. Because of the natural dominance of organizations with plenty of money and enterprise, according to the broadcasters. But here again, in the coming Congressional handling of the radio problem, the advantage is all with the attack.

The Radio Commission has had absolute power to give and to take away those rights to use frequencies upon which commercial profits depend. Is it any wonder that it has been the football of politics; that there is scarcely a Representative or Senator who has not consulted, privately, with the Commissioners, concerning conflicts over allotments? The customary method whereby commercial stations have gained their increase of time or power has been by the mustering of Congressional support, and the hiring of the ablest practitioners of "radio law" to appear before the Commission. The practice of "radio law" is getting to be one of the national capital's most entertaining rackets, because the law is principally the law of the financially strong.

One practitioner before the Federal Radio Commission has pointed out that without considerable financial strength, no station can resist the continual assaults of a strongly financed station which wants to take over its facilities. Every six months it may be made to defend its existence against a competitor, who has only to show the Radio Commission a greater ability "to serve the public."

Dissatisfaction with the present system of trying to govern a commercial broadcasting business by a board of political appointees, acting for six-year terms at modest salaries, is rampant even in the industry itself. Following a recent decision by the United States Supreme Court which strengthened the Commission's grip on radio, making its power to give or take away a wave length absolute, except for provable caprice, *Broadcasting,* the trade publication of the studios, said editorially that the decision had thrown a wave of fear into owners of studios in thirty "over-quota" states.

The quota system has been set up by the Commission, by direction of Congress, to assure each state proportional radio facilities according to population. It has been in effect three years, yet so strong is the influence of politicians and other wire pullers with the Commission that states below quota have lost some of their facilities, and states over quota have gained even more.

Concerning fear of the Commission's absolute power to give and take away radio facilities to the broadcasters, *Broadcasting* says:

"This fear is not wholly based on the Supreme Court's decision. It grows out of a lack of confidence in the Commission itself. If the Commission were really a judicial board, administering the law without fear or favor, there could be no quarrel from any quarter with the Supreme Court's decision. But the fact remains that politics has too often swayed its decisions. To see more stations snuffed out of existence simply because the weight of political influence was against them would render the whole Federal regulation of radio a mockery."

Is it not a subject for mockery at present? Congress is bound to thresh out this whole business of commercial broadcasting and its regulation at the next regular session. Specific broadcasting stations and chains have their friends in the House and Senate, but commercial broadcasting as a whole has been acquiring enemies even faster than advertising contracts.

There will be far more non-commercial broadcasting in the hands of governmental units, universities, churches, and endowed foundations than there has been in the past—after the smoke of political conflict clears away.

The third article in this series on radio will appear in the August issue of NEW OUTLOOK.

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The Spies Are Here!

Anonymous

Much has been written of war spies. Since the world has gone in for an orgy of conferences there has appeared the peace spy, which is here described by an aide to one of the London conferees.

THE delegates to the long-awaited and much-heralded World Economic Conference are here, and in their train they have brought the largest army of Conference Spies that have assembled in any one place since the Peace Treaty was signed at Versailles.

And the spies WANT TO KNOW.

They want to know what the French are going to do, what the Germans are going to say, what the Italians are thinking. They want to know what MacDonald will do about this proposal, what Mussolini's envoy will do about that, what Cordell Hull is reporting to America. The opinion of the Polish delegate is a matter of grave importance to some of them; others would give a lot to know the attitude of Czechoslovakia.

They will stick at nothing to get the information for which their employers will pay them to the uttermost farthing. Bribery, theft, blackmail—it is all in their program. And they don't intend to get the facts they seek out of tomorrow's morning papers.

I have attended most of the Conferences of the Powers in the post-war years, and I know many of the regular Conference Spies by sight. I have been approached personally by others on several occasions, and a certain too-persistent Levantine gentleman has a nose that will never be straight again as a result of a very unofficial meeting with me at Geneva.

They have followed us around from Versailles to Genoa, from Genoa to Locarno, from Locarno to Geneva, from Geneva to Paris and from Paris back to Geneva. A charming crew, with which a self-respecting war spy would never associate.

Now they are with us again—in London.

Staying at the best hotels, moving in the best society with almost unlimited funds at their disposal, this sinister band of unprincipled adventurers are a power to be reckoned with seriously. Some are in the pay of governments —unofficially, of course. Others are acting on behalf of interested commercial enterprises. A few are free lances, obtaining any information that comes their way, and selling it to the highest bidder.

And they all *want to know!*

At times the outside pressure brought to bear by these Conference followers is so strong as to be a veritable menace to their success. I am convinced that the failure of the Second Economic Conference of 1931 was largely due to the intervention of external wire-pullers, representing private, commercial interests which would have been threatened seriously in the case of agreement. When the Sino-Japanese dispute was before the League of Nations, armament firms from all over the world had their secret spies and wire-pullers at Geneva. They were in Paris for the Kellogg Anti-War Pact of 1928. Susceptible elderly diplomats were approached through a veritable beauty chorus of vamps and sirens, and impecunious, young ones with discreet monetary offers.

They wanted to know what Monsieur Briand would do, what Lord Cushendun would say, what Count Manzoni was thinking. They watched every move of Dr. Stresemann, Mr. Hymans was shadowed. They followed Count Uchida and his staff. They wanted to know how Dr. Benes would move, what M. Zaleski would say.

Geneva, where the League of Nations is in almost constant session, is a hot-bed of international spying. The spies are almost as much a part of the diplomatic community as the League delegates themselves.

Although my own chief represents a comparatively small state, we of his staff have to be just as much on our guard against the wire-pullers and the spies as if we were representing a Great Power. For in international affairs the voice of one small nation can often sway a whole assembly of Powers, and one recalcitrant delegate can play havoc with a conference, so even is the balance, so narrow the margin, between success and failure.

Naturally the delegates sent to sit at world conferences are chosen with the most scrupulous care as to their integrity, and the confidential staffs which they have with them are the most reliable that can be obtained. But it is inevitable, where staffs amounting to hundreds in all are concerned, that there should be occasional leakages of information somewhere, especially when the resources of those who are ferreting out information have at their disposal such unlimited stores both of brains and money. For this reason we have to be meticulously careful of the social contacts which we make.

My most frightening experience of conference spies took place at Locarno. I had spent the afternoon decoding an important telegram for my chief. It was from his government, instructing him on what he was to say at a meet-

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ing of the conference on the morrow, and I was only too glad of the chance to relax afforded by a brilliant social gathering at a magnificent mansion by the lakeside.

In the beautiful ballroom, I was introduced to the most lovely creature on whom I have ever set eyes.

A Croat by birth, the fiery passions of generations of untamed ancestors smouldered behind the proud, challenging flash of her great brown eyes. Her perfect features, in repose, looked as if they were carved of alabaster. In short, a woman for whose favors men would risk death and purgatory. I fell for her, and am not ashamed to admit it. Only a robot could have guided her through the maddening rhythm of the tango on that enchanted night, and have remained on "good floor, nice band, ever been here before?" terms with her.

After that dance, we strolled into the lakeside garden, turned for the occasion into a semi-tropical fairyland; its vines, cypresses and orange trees hung with twinkling, multi-colored lanterns. Above us the stars stabbed steel blue into the black canopy of sky, and the moon threw its silver beams on the shimmering waters of the lake. In such a setting, and with beauty incarnate by my side, I walked on air.

I awakened as from a dream to find myself making violent love to my new-found divinity in a little alcove formed by a shrubbery of rose trees at the lakeside end of the grounds.

"If you would win my regard," she said, and her voice floated like music on the soft night air, "you must do me one little favor."

"A thousand," I declared eagerly.

"No, one will be sufficient," she smiled. And then, without altering the sweet tone of her voice, she told me calmly that she knew of the arrival that afternoon of the telegram of my chief.

Other spies in the pay of the government that employed her knew that it had been sent and had been unable to intercept it. It was of great importance for those who employed her to know its contents before morning, so that its effect could be nullified by counter-measures.

It was a rude awakening to my dream of love from which, for the time being, all thought of conference business, of spies and intrigues had been banished.

"It is impossible," I murmured, as I rose to take my leave.

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As I did so, I heard a rustling in the undergrowth on the lakeside of the shrubbery, and, dashing in the direction from which the sounds came, I was just in time to catch a glimpse of the features, etched clear in the moonlight, of a conference spy of whom I had been warned once at Geneva. Obviously a trap had been set for me.

Had my lovely lady been successful in obtaining the information which she was seeking, her messenger would have been away to the nearest telephone, and have had our secret message over the wire to his headquarters before the night was much older.

I was dining alone at a world famous restaurant in Paris a few years ago, at the time of the second Economic Conference, which I was attending with my chief, when a man in immaculate evening dress who, however, appeared to be none too steady on his feet, barged into my table and knocked over my glass of Napoleon brandy.

He was so abject in his apologies, and so insistent that I should have my drink replaced at his expense that I could only ask him, in common courtesy, to join me, which he did.

As we exchanged banalities, I noticed with some surprise, that he was not nearly so drunk as his staggering gait had led me to suppose, and that, although he started the conversation with some pretence of a drunken drawl, he soon discarded it, and led the conversation round skillfully to the topic which was evidently the object of his carefully staged encounter.

"The group for whom I am gathering information would be interested to know your chief's intentions with regard to the ———— question," he told me. "It is not of great importance to you; but your chief's attitude can affect the shares in which my employers are interested to the extent of many thousands of pounds. I am authorized to pay five hundred pounds for my information and——."

"You are wasting your time," I interrupted.

"A thousand pounds," he went on suavely, ignoring my remark.

"I shall be glad if you will relieve me of your company," I said.

"Fifteen hundred," he countered coolly.

"Get out!" I snapped, "or I'll have you put out."

"My apologies," he drawled, with the suspicion of a sneer, "my resources are not sufficient to cope with such integrity. You will at least allow me to pay for the brandy."

Saying which, he settled with the waiter, set his opera hat at a rakish angle and swaggered out.

A delegate's secretary, whom I first met at Genoa and whom I admired as an astute negotiator, and with the possibilities of a brilliant diplomatic career before him, was disgraced and ruined by the wiles of a syndicate of conference spies.

A handsome man in the early thirties, he was a brilliant conversationalist. Although he had been married for five years to one of the most beautiful women in his country, a woman whom he adored, he could never resist making a fresh "conquest," if he could find such a combination of beauty and personality as he considered worthy of his interest. He thought he had met such a one when he came across Madeleine ————, at Geneva, but Madeleine was one too many for him. On the night of her "capitulation," her confederates walked into the room.

There was a flash of magnesium as the photos were taken; a "goodnight and thank you, that's all we want," and then the beauty made no bones about the trap that had been set for him.

The syndicate *wanted to know,* and he would have to reveal state secrets as the price of the photographs or, inside forty-eight hours, they would be in his wife's possession. He went down on his knees to Madeleine, imploring her to allow him some way out by which he could save his honor; but Madeleine and the syndicate were adamant.

Spying was their business. They had no sentiment about it. They had to know, by hook or by crook, by bribery, blackmail or theft. They would stick at nothing.

An hour later, the unfortunate man bought back the photos, and saw the plates destroyed; but the price was a state secret that meant fifty thousand pounds to the syndicate and ruin for the career of the man who had betrayed it. The source of the leakage was traced, and the promising young diplomat was dismissed in disgrace.

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The Davis Cup, This Month's War

By John R. Tunis

Thirty-three nations engaged this spring and summer in a struggle to capture the Davis Cup. John R. Tunis, writer and authority on tennis, explains why this contest has become more like a war than a sporting event.

HAVE the yearly matches for the Davis Cup reached a point where they do such harm to international relations and good feeling among nations that they might better be abandoned? Considering the universal enmity they arouse each summer, there are times when it seems as though this would be the wiser course. Certainly no one close to sport can fail to realize their absurdly inflated position and the ridiculously false values they create. But there is one point which the apologists for athletics are apt to overlook, one fundamental contribution these big international contests make to the world that renders them important and even necessary to our modern civilization. For notwithstanding their many drawbacks, the Davis Cup matches have a valuable function to perform.

Before discussing this function, it might be well to consider these drawbacks.

Look back across the years and you will understand why this important athletic event has become a source of irritation and misunderstanding second only to the war debts or the tariff. The Davis Cup is one of the oldest annual sporting competitions in the world. Also the most embracing. Started back in 1900 when Dwight F. Davis, then an undergraduate at Harvard, gave a cup for a friendly match of lawn tennis between England and the United States, the thing has grown until at present almost every nation on earth except Russia takes part. Tennis is the one branch of sports in which rules are identical the world over. It may be described as the common denominator of sport.

The matches for the Davis Cup are held each year between teams composed of the best players of the different countries. Since the beginning when England, the first tennis playing nation, ruled supreme, Australia, the United States, and for the past six years France have been holders of this famous trophy. It was back in 1927 that four young Frenchmen crossed from Europe and took the Cup away from Tilden and his teammates at Germantown, Philadelphia, a feat which aroused the imagination of the French people. France triumphant in a world sport for the first time! And because this is a world game, they take a particular interest in the Davis Cup matches and appreciate perfectly that the victor has a prestige which does not accrue to proficiency in other branches of athletics. Not only do they excel in an international sport, but more important, one developed and popularized entirely by Anglo-Saxons. For the first time they have conquered the English, the Americans and those races that take by instinct to games.

To the French, then, superiority in the Davis Cup matches is more than mere ability to play a game well. To them it is a symbol of racial superiority, proof that the nations of the Old World are not effete and decadent but strong, virile, able to hold their own with any people on earth. All the tremendous native pride of the Latins asserts itself each July at the time of the Challenge Round. What is the Challenge Round? It is the last contest of the year, the final match of the series in which the survivor of all the nations (this year there are 33), challenges the holder for possession of the trophy for the ensuing year. It is an event full of significance, not only to the Parisian sporting crowd, but to all France. That feeling which gripped the nation when a blonde young war veteran named Carpentier slashed out at an on-coming panther one hot afternoon in Jersey City, seizes them when Jean Borotra takes the Center Court at Roland Garros. The President of the Republic attends. Radio carries a play by play description of the matches all over the countryside. Yes, this is far more than a game: to the French it is a test of national honor. It is the Old World against the New. Once more the *Coq Gaulois* bristles at the invader, once again the Tricolor waves in a battle breeze. Amusing? Yes, rather, and would be more so were it not for the fact that it is from Anglo-Saxons that the Latins have learned the enormous importance of athletics. Another game in which they seem to have beaten their teachers!

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Now if the Davis Cup is a matter of importance to the French, it is also treated with due reverence by the sporting authorities in the United States. The campaign this year began late in April and will last until August, during which period our team under a captain and an assistant captain will have traveled about ten thousand miles, played in succession four or five different countries, and possibly end up by being defeated in Paris by the French as they have been since 1927. And all of this at an approximate cost of $11,000. It seems excessive considering the times.

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The actual figures spent last year by the United States Lawn Tennis Association in a vain attempt to recapture the Cup were: $1,764 for the Davis Cup Committee, $3,562 for team expenses in the United States and $5,599 for expenses of the team in Europe. The first item represents expenditure of the committee which conducts the progress of the team; it was spent for telegrams, letters, dinners and general committee expenses. The second item was disbursed in playing Canada, Mexico, Australia and Brazil on this continent. The third includes ocean travel and expenses of four men on the team from July 4th, the date of arrival in Paris, until August 3rd, the day of their departure from France: one month and four days. If the two captains paid their own expenses, a fact which may be assumed, the average cost per day deducting ocean travel was $30 a man during their sojourn abroad. What did we get for it?

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Painfully little. Although the age of the French team totaled 101 years and the age of the Americans only 74, we were beaten in the decisive test as we had been for the previous five years, and as may happen again this summer, notwithstanding the fact that we have beyond a doubt the best singles player in the world and at least two doubles teams superior to anything the French can put into the field. The reasons for our failures are many and varied. A principal one is that the captain is a captain in name only; he is subject to the wishes and orders of the Davis Cup Committee which functions some 3,000 miles away. This committee consists of twenty-two men, one from St. Louis, Chicago, Washington, Kansas City, Boston, and three from Philadelphia, with the remainder in New York. Imagine a football coach trying to select a team with the help of a committee of alumni scattered throughout the country in such a manner? If so you can understand our troubles when the team reaches Paris. And why no one is anxious to be leader.

In years past American teams have reached the Challenge Round considerably over-tennised. Suffering from too much play, they have been unable to do themselves justice, in fact it is hardly unfair to say that no American has ever played his best in Paris. This year the team will be handicapped by their five months tour of Australia which followed immediately on a long and arduous seven months campaign in this country and Europe, ending with a series of tournaments as far apart as New York and Los Angeles. This trip was universally condemned by every player of experience; Richards and Tilden—who never slighted opportunities for match play—both believe it a mistake. If its effects are not seen in the game of the Americans abroad this summer it will be surprising.

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The American system of training in Paris also leaves something to be desired. Apparently the method of preparing for a Davis Cup contest is to retire at midnight, lie abed until noon, play strenuously all afternoon and eat but two meals a day. Often rather extraordinary meals. Witness Vines's dinner before one of the most important matches a year ago this month in Paris, a dinner which consisted of roast pork and cucumbers. When you learn that he spent the evening until after midnight riding a scenic railway at Luna Park you will understand why his rest was troubled that morning and why only his tremendous courage pulled a very sick lad through to victory the next afternoon. I am not intimating that these boys dissipate. Far from it. Possibly they would play better tennis if they did. At any rate one of the finest matches any American ever played in Paris was put on by a member of the team picked up in the gutter in front of Henri's Bar on Rue Volney three evenings previously!

Nor have the French assisted by acts which only can be described as extremely unsportsmanlike. Consequently the aftermath of the Challenge Round leaves an unpleasant impression; the American spectator departs from the Stade invariably feeling that we have been cheated out of victory, whereas the Frenchman leaves with a low opinion of our supposed sporting virtues and our ability to absorb defeat. Result: recriminations, accusations, bitterness on both sides, until last summer things were so bad that the American Ambassador in Paris felt obliged to give a get-together dinner directly after the Challenge Round in an effort to alleviate some of this feeling between the members of the two teams. And we pay $11,000 for little wars of this kind! No wonder one hears every year after the matches are over a question as to whether the Davis Cup has not reached the point where it should be abandoned.

The naive belief that these huge, international, athletic contests have any real sport left in them is entertained today only by old ladies in pants who make speeches over banquet tables about the effect of games in cementing friendly relations between different peoples. Anyone with two eyes and two ears knows perfectly well that they have exactly the opposite effect; he must also be aware that at present with an annual gate of two million francs, or about fifty thousand dollars, in the Challenge Round alone, the Davis Cup is Big Business indeed, and that there is precious little real sporting spirit left. How can this be otherwise, when one considers the huge sums of money involved?

But international athletics today is more than Big Business. Of late years it has developed into a kind of warfare. So it is regarded in France, and rightly, too. That delightful little fiction by which the romanticists try to pretend that these international competitions are sporting matches conducted by generous hearted sportsmen in a noble spirit, does not wash with the French, ever a nation of realists. In sport as in other things. André Maurois puts it this way, *"Je crois que le realisme des Francais fasse équilibre à la politique plus romantique d'autres peuples."* French realism, no more to be fooled in athletics than in significant forms of life, knows the Davis Cup for what it is, not sport, not even Big Business, but something of vastly greater import, war. A small war, a kind of minor league war if you like, but war none the less. What is the objective of war? The establishment of superiority over the enemy. By fair means if possible, but achievement of that objective in any event. So it is with the big, international, athletic contests, the polo matches, the Olympic Games, and especially the Davis Cup. It is not important to be good fellows, but to win. The French argue this way; if we have the better team, very good. We

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shall win. If not, we must win anyway. Install an underground system of watering the court, if necessary, so that the Americans who come out to play will be greeted by a sodden marsh. Unfair? Rubbish? Not at all. It happened at Paris last year. Who talks of fairness or sportsmanship when national prestige is at stake? You don't stop to think of the rules when engaged in battle!

In war there is the General Staff of the army. In tennis there is the Davis Cup Committee directing operations. There is the commander-in-chief in the field, the captain of the team, there are the big guns on each side, the Vines and the Cochets, and the less powerful, but often no less dangerous, 75's, the Allisons and the Borotras. There is the propaganda which teaches us that the enemy are a race of bad sports who never play the game, there is the long arduous campaign which starts late in April in Mexico City, goes on to Montreal, to London, and ends up with the decisive battle of the Challenge Round upon foreign soil in Paris. This is not sport; except externally it has little relation to sport. It is war. Precisely like real war with its long stretches of intense boredom, its traveling and moving from place to place and country to country, its moments of high elation, its period of fear and worry and terror to the troops in the field, as well as its tremendous relief when the strain is at last over and the Expeditionary Force sets sail for home, rest and recuperation after the battles at the front.

Go ahead, call this sort of thing sport if you prefer, just as you can call war *a game;* but war today is a painful sort of game, and international athletics is merely a modified form of warfare. With shock troops, big guns, munitions, transports, daily instructions by radio from G. H. Q. to the general in the field, and so forth and so on. Naturally, the Davis Cup matches more and more cease to resemble athletics. Today, our great sporting events have actually as much relation to real sport as a target practice off Guantanamo Bay does to the Battle of Jutland. The more one sees of them the oftener one is forced to ask the question, which is being repeated so frequently: "Have they not reached a point where they had best be abandoned in the interests of all concerned?"

At present the various tennis associations throughout the world pretend that they are managing an amateur game for amateur athletes. Actually they are doing nothing of the sort. In reality they are simply professional promotors sending professional tennis players from one end of the earth to the other in search of booty just exactly as the manager of a prize fighter stages contests for his protégé in different lands. The actual spoils are smaller, but not much smaller, the division of receipts may be made in a different manner, but not after all greatly different.

Vines wants a honeymoon in Australia? Send him along on that junket. We made $15,000 clear out of the Challenge Round last summer; besides, the Australian Association will arrange team matches to take care of his actual expenses en route. Last spring Jack Crawford, the captain of the Australian Davis Cup team, refused to leave unless his wife was sent along also at the expense of that Association. It was objected by some native purists that this would be an act of professionalism; but it was tartly pointed out that the United States Lawn Tennis Association had subsidized the wives of the three Americans, Vines, Allison and Van Ryn, during their visit to the Antipodes last winter. Mrs. Crawford joined the team.

These Davis Cup players are paid performers going from one place to another at the request of the heads of the various associations, paid sometimes in one manner, sometimes in another. Thus the entire French Davis Cup team, with one exception, is supported by a leading European manufacturer of tennis balls.

Yet in spite of the fact that this amateur sport contains no amateurs and little sport, notwithstanding the resemblance it bears to modern warfare, admitting its many defects so painfully apparent, the Davis Cup has a place, and a valuable position it is, in our world today; a worth and an importance too little recognized. International sporting contests of this kind on the grand scale which attract attention on every hand are fast becoming the safety valves of civilization.

As we have seen, international sport today is nothing but war on a small scale. But war with almost all its advantages, and almost none of its drawbacks. Thus there are no casualties, no wounded or maimed, no upsets to trade, no war debts for later generations to shoulder. Since men must fight, why not encourage them, both combatants and non-combatants, to exercise their bellicosity upon the battlefields of sport?

What if everyone does get pretty sore with everyone else? All the better. Let the French call us a bunch of soreheads because we cannot take defeat in the grand manner, because we retreat in disorder after the Challenge Round, claiming we were cheated out of victory. Let our chauvinists of sport assert if they like that no Frenchman can play the game, that their linesmen are paid—as one of the American captains explained to me after the matches last summer—and therefore thoroughly unscrupulous. We all feel the better for a real good hate, for having called each other a few hard names and said some harsh words about each other's lack of moral qualities. The atmosphere of distrust and dislike slowly blows over; next year we shall be ready to go at each other again without anyone's suffering from the effects of the previous campaign.

In other words the importance and effect of the Davis Cup and other international sporting events of the sort cannot be over-estimated. They have a valuable function to perform at the present time when the whole earth is sitting on a powder keg. It is more than a coincidence that the most pacific nations on the globe are those most interested in sport. International athletics provides a healthy and necessary outlet to bad feeling. Since men must fight, let them eradicate the germ from their souls upon tennis courts and polo fields, not on the field of battle. As long as we are interested in the Olympics and the Davis Cup we will have less inclination to shoot each other up with high explosives. A victory over every nation on earth upon a tennis court is just as gratifying to national honor and vastly less costly in lives and treasure than even the tiniest of wars.

If you regard the Davis Cup and kindred activities with a dispassionate eye, you are apt to find them rather absurd. Isn't it infantile to concentrate the way we do upon a mere game, isn't it a waste of good money at the present time to spend $11,000 just to capture a piece of silver worth only a couple of hundred? Haven't we succeeded in elevating this Holy Grail of sport to a ridiculous position? An arguable view, but a shortsighted one. For with national tempers on edge from China to Chile, with economic wars, tariff wars and wars still more ghastly being waged all over the world, the Davis Cup match is the safety valve of civilization.

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Toward Professional Guilds

By Harold Rypins, M. D.

The movement toward professional guilds as a solution of overcrowding in the professions is discussed by Dr. Harold Rypins, secretary of the New York State Board of Medical Examiners, and former president of the Federation of Medical Boards of the United States.

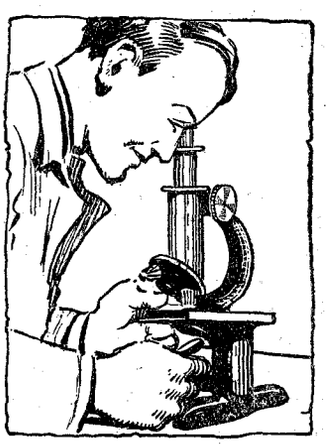
THE serious young man in horn-rimmed glasses was indignant and bitter.

"'For God, for country and for Yale'—is that climax or anti-climax?" he declaimed. "'What do you do when you take a girl out?' Imagine such questions from an admitting committee! I told them the questions were absurd. And *that* medical school *also* turned me down."

With an excellent academic record, this college graduate was puzzled at his failure to "make" a medical school. In the first school in which he applied, the faculty committee gave him a personal interview without even asking for his record. "How could they know I was a good student?" he complained. In the second school, he submitted his record and letters of recommendation, but had no personal interview. In the third, the experimental-minded faculty posed the "absurd" questions.

The case of this young man is far from unusual. Every year more and more young men coming to my office for advice are equally indignant, equally bitter. They fail to realize that the academic record is no longer the determining factor in choosing our medical students. The emphasis, rather, is upon a combination of intelligence, character, personality, resourcefulness—qualities which leave no room for an applicant who argues that "For God, for country and for Yale" is not in the curriculum.

Too many are still unaware that American medical schools are definitely committed to a policy of restricting the number of their students. In all the professions there has developed in the last few years, an aristocratic, or at least a restrictive movement which, in a sense, is reminiscent of the medieval guilds. The trend is still in an early stage, but in law, medicine, dentistry and other professions under control of state licensure, the signs are apparent.



Forerunner in this movement toward a modern form of the guild has been the profession of medicine. Without intention or design, the far-reaching steps taken by the physicians to raise educational standards during the past twenty-five years has resulted in limiting the number of students. Now, realizing the advantages of this unplanned restriction, leaders, not only in medicine but in the other professions, are taking deliberate steps to cut down the professional class. Within the coming decade, studies will be completed to show, for the first time, the number of physicians actually required to care adequately for our population. On this basis we may expect a concerted effort to decrease the number trained and licensed to practice medicine to the point where supply and demand are reasonably equalized. That other professions are following medicine is manifest from current tendencies.

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Four factors have brought about the present restriction in medicine.

The first was the raising of entrance requirements. In 1870, the newly appointed president of Harvard, Charles W. Eliot, proposed one of his great educational reforms—*written examinations for graduation in medicine.* "I had to tell him," said Dr. Bigelow, head of the school, "that he knew nothing about the quality of the Harvard medical students; more than half of them can barely write!" Even twenty years ago very few medical schools required more than a high school diploma for admission. Contrast this with the graduates in medicine last year, of whom over 70 per cent had four years of college before beginning their professional training.

The second was insistence upon more hospital beds, teaching and research laboratories, dispensaries, professors and special facilities directly under the control of the medical schools. As an immediate result, the poorer schools were denied recognition and soon died. In 1904, this country had 160 medical schools. Today there are only sixty-six four-year schools approved by the American Medical Association, the Association of American Medical Colleges and the various state Boards of Medical Examiners. Only graduates of these sixty-six institutions are eligible in most states for admission to the licensing examination, which must be passed before the physician may hang out his shingle.

Third, a year of interneship in an approved hospital is now an added requirement for practice in eighteen states.

Finally, the number of American graduates of European medical schools who may be admitted to practice here has recently been reduced. One of the results of the restriction on entrance to our schools has been an overflow of American boys into Europe. Two years ago more than 800 American students applied to the University of Edin-

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burgh alone. Last year more than 2,000 Americans were studying medicine in Europe. Contrary to the prevailing belief, the majority of these students cannot obtain as good training abroad as that now required at home.

To prevent the lowering of standards for admission to practice from this quarter, the Federation of State Medical Boards of the United States several months ago took special action. In the future such students must not only have the minimum two years of collegiate preparation, but must obtain the license to practice medicine in the European country where they study. This has already diminished the excess of emigrant applicants. Few American students are able to obtain the required foreign license. Great Britain has strictly limited the number of American students. France will give no American the French medical license and consequently American students desiring to practice in the United States will no longer go to France. Germany and Austria are restricting the number of Americans and the other European countries will doubtless follow suit.

There is, moreover, a strong movement to exclude native European physicians entirely from the American licensing examinations, for the average European doctor coming to this country makes a relatively poor showing in these tests. On the other hand, American physicians are, with few exceptions, barred from practice throughout Europe outside of Great Britain. These barriers against professional free-trade foreshadow a world-wide restriction.

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Dentistry was the first profession to be influenced by the rising standards in medical education. In 1916, the professional course was increased from three to four years. In 1921, dental colleges in New York State demanded a year of collegiate pre-dental training, which was raised to two years in 1927. The leading dental schools of the country now require six years of study following graduation from high school, which is equal to the minimum requirement in American medical schools.

The most recent and striking advance in qualifications for admission to the practice of a profession is in law. In a few states, the applicant's ability to read the English language, and the testimony of two witnesses as to his moral character are still sufficient to procure admission to the bar. In New York, until recently, admission was obtainable by serving a clerkship in a lawyer's office and passing the bar examination. Then the New York State Court of Appeals changed the formal requirement to include graduation from an approved law school; completion of two years of college became necessary for admission to the study of law. Already there is some agitation in the East for a longer period of pre-law study, but the American Bar Association at this time is concentrating on the universal adoption of the two-year college requirement.

Since many law schools remain which do not require any collegiate preparation and whose graduates are eligible for the bar examinations, this increase in educational standards for law has not yet effected widespread diminution in candidates for the bar. In New York City, however, the number of students registered in law schools has dropped 52 per cent in the last four years. Dean Young B. Smith of the Columbia University School of Law says, "Undoubtedly the decline has been accelerated since 1929 by the requirement of two years of college training." This is a first step toward restriction in legal education and when it becomes general as is now the case in medicine, it will operate to limit the number admitted to the bar.

Other changes following the example of medicine have been inaugurated. There is increasing severity in character-examinations. Pennsylvania has been experimenting with prolonged supervision of candidates for the bar. In another attempt at restriction, the bar examinations have been made more stringent and in recent years an average of 50 per cent of those taking examinations have failed. A third proposal for the process of selection is the plan of a graded bar, similar in purpose and intent to the division in the English and French bar: a preliminary period, a probationary junior bar; and a senior bar of tried and proven advocates. Finally, there is an increased attempt to select students for the study of law by advice and encouragement, deflecting unequipped aspirants from the path. The university arts and law departments are beginning to exercise this function on a considerable scale.

The fields of engineering, architecture and pharmacy, so far as is known, have been oblivious to the idea of a professional guild, despite their evident need for one. As this is written, the Committee on the Grading of Nurse Schools reports that in the past three years 255 nurse training schools have discontinued. During the past year, the number of library schools in the United States has been decreased from thirty-two to twenty-nine and many summer sessions in library training schools have been discontinued. Teachers, according to the latest Biennial Survey of Education by the United States Department of Interior, are bending strongly toward selective admission to their profession. The selective requirements most commonly applied are: superior high school scholarship, intelligence, or other psychological tests, standard achievement tests, special subject-matter entrance examinations, personal interviews and health and physical examinations. The recent closing of three teacher-training schools in New York City indicates another limitation on the supply in this profession.

Unquestionably the closing of schools and limitation of numbers in pursuit of the professions is partly due to the Depression. The economic situation, however, has only accentuated what has been for years an unsatisfactory relationship between supply and demand for teachers, doctors, lawyers, architects, engineers and dentists. Overcrowding, like over-production, already existed when the country was consuming the maximum of professional services.

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The United States has more physicians per unit of population than any other country in the world; twice as many as the leading countries of Europe. With a total of 156,440 licensed physicians at the present time, we have one for every 780 persons. England has one doctor per 1,490 persons; France, one per 1,690; Sweden, one per 2,890. The Commission on Medical Education estimates "that a reasonably complete medical care can be provided in the United States on the basis of one physician to about

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1,200 persons; that an adequate medical service for the country could probably be provided by about 120,000 active physicians." According to these figures we have a surplus of approximately 36,000 physicians.

If the present rate of supply is continued the number of physicians in excess of indicated needs will increase. In 1940, reports the Commission, we will have in round numbers 171,700 doctors; in 1980 about 211,800. The number of persons per physician in 1940 will be 760; in 1960, about 730; in 1980, about 690. Even at the present time it is occasionally reported that, in many urban communities, there are two doctors for every call, and many can barely earn a decent living. One physician earning a salary of $300 a month was recently replaced by another at a salary of $140 a month; the second physician, in turn, confided to friends that he was in constant fear of losing his job because of offers of young doctors anxious to work for $15 a week. Licensed practitioners are known to be driving taxi-cabs and running elevators at night. Nor is the Depression alone at fault, for according to Public Health authorities, the people are not suffering from lack of medical care.

"This own is damnably over-lawyered, what we need is fewer and better lawyers," declares a *"New York Times"* editorial. The census of 1930 reports 160,600 lawyers in the United States, an increase in one decade of thirty-one per cent—almost double the rate at which population increased. In densely populated cities like New York there is one lawyer for every sixty families. Throughout the country, we have been admitting 9,700 lawyers a year to replace about 3,800. In 1928, *before* the Depression, the enrollment in the nation's law schools soared to 49,000, twice as many as in 1920. Dean Smith of the Columbia Law School declares that "we continue to get over twice as many lawyers as we need to maintain the 1930 ratio of 131 lawyers to every 100,000 people." The legal profession is nervous and anxious over this problem. One needs but observe the crowds of counselors-at-law loitering about the magistrates courts in New York, desperately competing for a ten-dollar case.

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The over-production of architects is manifest in the report of the Architects Emergency Committee of New York, in 1931, which states that of the 800 architectural draftsmen who were unemployed, 500 were destitute. There are 3,358 architects registered in the state.

We have approximately 100,000 pharmacists in the United States. On a population basis, they operate six times as many drug stores as are found necessary in Germany, which has well-organized apothecary shops.

This year, there are 243,830 graduate registered nurses in the country. In some sections it is said that there are ten nurses for every job and a fearful struggle for existence is going on in this hopelessly over-crowded field. Despite the decrease in the number of nurse schools, the number of nurses in training has grown during the last three years from 68,821 to 74,337. The New York State Department of Health recently reported that 186 private duty nurses averaged only ninety-four days work for the past year, with an average income of $478.80 per nurse per year. Of 194 nurses, 172 were willing to work at the rate of $3 a day to obtain employment. There are all too many nurses who will tell you: "For nearly three months I have lived on one meal a day."

Concerning teachers, the Biennial Survey of Education reveals that more than 3,000 graduates of New York City training schools were qualified for positions in 1930, whereas less than one-third of them could be actually placed on the eligible list. Throughout the nation there are approximately one million teachers. About 166,000 are needed annually to take the places of teachers leaving the profession. Yet, as long ago as 1928, there were 274,348 students in training. What is happening to the enormous surplus of trained teachers? Look behind the counters in the larger metropolitan department stores. It would be interesting to know what percentage of salesgirls in these stores are teachers awaiting appointment, and how many years they have been waiting.

Of dentists, the nation has 67,000. In certain urban districts, there is one dentist to every 500 people. The increase in clergymen is larger than that of physicians. Engineers have multiplied more than lawyers and to a larger degree, proportionally, than the growth in population. The American Library Association Council states, "Thirty-two schools reported that 1,177 persons, who have completed at least one year of professional training, are now unemployed. . . . Approximately 1,500 students are now enrolled in thirty-three library schools. . . . The large majority will undoubtedly join the ranks of the already unemployed group of librarians. It is thus fair to estimate that at the end of June there will be at least 2,300 unemployed librarians."

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At the root of this surplus of professionals are several factors. The extraordinary wealth of this country in the last thirty years created an unprecedented number of families who could afford to give some, or all, of their children a college education. During the single decade after the war, the number of college students enrolled has tripled. Today there are more than 1,000,000 students in our colleges and universities, comprising 12 per cent of the entire population of college age, as contrasted with only 2.5 per cent in 1890. This phenomenal increase has created a large class of allegedly educated people who feel that they are above manual labor, and who, as a result of their education, naturally aspire to professional training. Coincidentally, there has been a certain amount of exploitation for profit by commercial schools which train more professional men than the market can assimilate. One law school in a large eastern city, by dint of jamming crowds into a small building, made a fortune on a small investment. There were as many as 500 students in one room, and the course was aimed, not at a high-standard legal training, but straight at the bar examination.

The effects of over-production in the professions, besides unemployment and excessive economic competition, are manifold. "An over-supply of any branch of learning," declares Dean Rogers of the University of Colorado College of Law, "usually results in the development of price-cutting, irregular trade practices and a fringe of casualties,

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losses and waste at the unsuccessful margin. There will be the temptation to low ethical standards produced by desperation. The public in the end will suffer, as the individual does, from the existence of misfits, failures, wasted energies and frustrated efforts." In the profession of medicine, over-crowding has increased fee-splitting, unnecessary services, padding of bills, illegal operations and the employment of "runners." The compensation rackets have developed to such an extent that physicians are reported to be giving half, and sometimes two-thirds, of their fees to get this business. Corrupt conditions such as these will not encourage students of superior ability and character to enter the profession. "In law," Philip J. Wickser, secretary of the New York Board of Law Examiners, declares, "there is a dim consciousness that the bar is surely, and not so slowly, being de-professionalized. For this there are many reasons, each of which is aggravated by the undeniable factor of volume."

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While these enormous surpluses make it obvious that admission to the professions must be restricted, other factors contribute to make the problem acute. Vast numbers of young men and women, more and more each year, still aspire to become engineers, lawyers, teachers, dentists. In 1933-34, over 16,000 eligible candidates will seek to enter medical schools in the United States and Canada, although the schools are prepared to receive only 6,200 new students. This is without precedent in the history of professional education. It means that, having obtained his preliminary education, the average candidate has less than two chances in five of being accepted in a recognized medical school. Twenty-one per cent of the students at the College of the City of New York last year declared their intention of studying medicine, compared to only six per cent who hoped to go into business.

Contrast with this surplus of candidates the strict limitation of the facilities for training physicians. The number of students each school can educate depends on the size of its laboratory, hospital, dispensary and teaching staff. When Duke University Medical School opened its doors recently, 3,000 students from all over the country applied for admission to its freshman class. Only fifty were selected. A boy applying at Duke had one chance in sixty of being accepted—less than the chances of receiving a three-year Rhodes scholarship at Oxford, the most prized opportunity offered American students!

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The majority of medical schools can handle only about 100 new students a year, but some have places for only fifty, and a few are taking even smaller classes. Several schools have been cutting down the number of students accepted; New York Homeopathic Medical School has this year decreased its freshman class from one hundred to seventy-five. But if facilities cannot be stretched in each school, why not build more schools? The answer is plain: the cost is exorbitant. The medical school of the University of Rochester cost ten million dollars, and the new Duke University Medical School even more. On the other hand, the disproportionate cost of educating a physician as compared to every other profession is a very strong argument with trustees to discontinue their medical schools if there is no real demand for them. It costs some schools over $3,000 a year per medical student, while the average school invests $450 a year for each student above what he pays in tuition. To revert to medical schools with facilities and lower standards is unthinkable. No one cares for a fairly fresh egg or a fairly educated doctor.

Criticism of the "aristocracy" or "guild idea" in the profession is inevitable. Loudest will be the cry that a trust, or monopoly, may be created. As a matter of fact, the practice of medicine is already a monopoly in the sense that the source of supply of physicians is restricted to those institutions which are recognized by the state for the purposes of medical licensure. The intent of this monopoly is not to create benefits for the medical profession, but to protect the public. Moreover, the special position in society of the doctor, the lawyer, the nurse, the teacher, in itself makes the "trust" inevitable.

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There is still the democratic fallacy to be disposed of. The irate father of an unsuccessful applicant to a medical school recently voiced the feeling of many in similar circumstances. "Every American boy who wants to enter a profession," he said, "is entitled to have a try at it." Should a monopoly, then, bar a large number of young men from their inalienable right to become physicians, engineers, or dentists? Would not many competent men be kept out of the professions? To this one may say that, taken by and large, the real danger is of loosing incompetent men upon the public by unrestricted training and licensure.

It becomes clear that because of lack of planning and foresight we have trained professional men and women without any consideration of possible consumer requirements. Even where there has been some restriction through insistence upon high educational standards, no one appears seriously to have contemplated refusing permission to open new professional schools on the grounds that there was no need for them.

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Professions are just beginning to realize that it would be very desirable to train and license only as many architects, nurses, lawyers, teachers, physicians, or engineers as the country can employ. As this idea gains wider acceptance it seems inevitable that an aristocracy of professional classes will arise. The selection of a limited number of candidates for each profession, will, for the most part, rest with the professional schools themselves, under the direction of the state licensing authorities. Both the public and the medical profession have already profited by partial restrictions in this field. Dentistry and law are passing through the stages of limitation by increased educational standards which medicine has inaugurated during the past twenty years. A much shorter period will elapse before engineering, architecture, nursing, teaching and the other professions take similar steps toward professional guilds.

The effect will be revolutionary.

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A Central Repairshop for Business

by Richard W. Dunlap

Impending reform in the bankruptcy laws has turned attention toward the experiment by which a single department in one New York bank runs all the bankrupt business of the city. Mr. Dunlap is a member of the staff of the New York "Herald Tribune."

THE administration of bankrupt estates in this country has been plagued by the twin curses of inefficiency and corruption. Exposures of sordid scandals have been frequent. Calls for the reform of the national bankruptcy statutes have come from every Federal district where abuses were flagrant, and for several years national legislators have been working toward a solution of the intricate problems involved.

In the meantime Federal judges, lawyers and business men in all parts of the country, particularly in large urban centers, have watched with keen interest the progress of the experiment in the Southern District of New York of the designation of a single large bank, as standing receiver in bankruptcy.

This, in effect, is the creation of a central repair shop for broken business. In the case of New York it has resulted in one department, in one single bank, becoming the comptroller of a myriad of businesses and industries. Many competent observers believe that this concentration of receiverships in the hands of a powerful and scrupulous financial institution has been remarkably successful, and that it serves as an example which other large city districts might well copy, at least pending the awaited legal reforms. The judges of the District Court who inaugurated the system in January, 1929, are enthusiastic defenders of it. The business community as represented by a score of the leading trade and commercial organizations of New York City and State is virtually unanimous in its support. Bankruptcy administration is, after all, primarily a business problem, and this endorsement by business leaders is of significant importance.

Some lawyers, however, individually, and through certain bar associations, have vigorously attacked the system as a monopoly and have questioned the efficiency and good faith of the bank's management. They have carried their fight, though with little success so far, to the District Court, to the bar associations, to the State Legislature, to Congress and to the Supreme Court of the United States.

It was on January 16, 1929, that the judges of the District Court of the Southern District of New York designated the Irving Trust Company as standing receiver in all bankruptcies under their jurisdiction.

As a result of this ruling, the bank has been superintending the destinies of such well-known enterprises as International Match Corporation, Radio-Keith-Orpheum, United Cigars, Cuba Cane Sugar, Cuban Dominican Sugar, McLellan Stores, McCrory Stores, the Savoy-Plaza Hotel, the Ambassador Hotel, the Shubert and the Fox Metropolitan theatres. Brokerage houses that have come under their management include Prince and Whitely, Pynchon and Company and Kountze Brothers.

In such large and involved cases one man is usually assigned and remains in charge, devoting virtually all of his time to the particular job in hand.

The "run-of-the-mine" cases are less spectacular, but their diversity is so great that every phase of business or social activity in which men engage is grist to the Irving Trust Company's mill. The receivership division has taken over speakeasies, sold fertilizer and cinders, run barges and tugs and Hudson River boats, managed automobile companies, plumbing concerns, grocery stores, candy factories, restaurants and delicatessen stores, printing press plants, textile companies and fashionable clubs.

Why should a single bank be allowed to conduct a sizeable percentage of the business of New York City? How can "young bank clerks" be qualified to manage shoe factories, chain store organizations, brokerage houses, theatres and hotels? Why should capable lawyers, experienced in the handling of bankruptcy cases, be deprived of this practice? Why should this favored bank reap the large profits that rightly should be distributed among business men who have been, and would be, efficient receivers?

The answers to these questions and to other similar criticisms are to be found in a study of the bankruptcy situation in New York before and after the unique experiment undertaken by the Federal judges to create a single, central repair shop for sickly business.

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The Southern Federal District of New York includes Manhattan with its vast concentration of wealth and its infinite variety of business and commercial enterprises. Bankruptcies, even in good times, occur at the rate of five to ten a day. Surely this district should set a standard for the other great cities of the country in the administra-

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tion of insolvent estates. Yet the direct opposite was tragically true in former years. In 1928, the last year in which the system of individual receivers was in vogue, the Southern District of New York was at, or near, the bottom of the list of the eighty-eight Federal judicial districts of the country by any measurement the efficiency of bankruptcy administration. The improvement all along the line since 1928 has been remarkable.

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Statistics are as unappetizing as spinach, in the diet of the general reader. But when the New York creditor learns that only 27.53 per cent of the assets realized from insolvent estates was swallowed up in administration expenses last year as compared with 42.91 per cent in 1928, the figures become a succulent morsel to be rolled under the tongue and savored with proper delight. Last year's percentage is still too high, of course, but the trend is continually downward in the Southern District of New York, and the creditors are getting a larger share than ever before in the proceeds. The district was at the bottom of the list five years ago and had moved up twenty-six places in the last Attorney General's report.

Consider these words from the report, submitted in March, 1930, of the Joint Committee of the Association of the Bar of the City of New York, the New York County Lawyers' Association and the Bronx County Bar Association, relating to conditions prior to 1929. The investigator for the committee was Colonel William J. Donovan, who worked in coöperation with Charles H. Tuttle, then United States Attorney.

"The bulk of the bankruptcy practice in New York City was concentrated in the hands of approximately twenty-one law firms. Competition for business was keen. Under the practice the attorney for the petitioning creditors was almost certain to be the attorney for the receiver and the trustee. . . . Working arrangements were effected between attorneys and collection agencies, the agencies being remunerated for furnishing information concerning insolvent debtors. . . . He (the attorney for the petitioning creditors) owed nothing to the receiver and trustee because he was retained by them only as a matter of course.

"Under these circumstances, laxity, inefficiency and corruption on the part of attorneys were made easy. Friendly petitions were accompanied by affidavits not fully disclosing the facts as they existed. Pairs of attorneys sometimes appeared together, acting interchangeably, one for the bankrupt and one for the creditors. There was evidence which indicated subornation of perjury; conspiracy to defraud creditors; withholding dividend checks; collecting assets and failing to account for them; and fabricating fraudulent consignment agreements.

"Receivers were often mere figureheads. . . . Judges have been approached in an effort to induce them to appoint particular receivers. . . . These abuses are not susceptive of statistical computation. . . . The all-important fact is that the system was such as not only to facilitate, but to invite, both inefficiency and corruption."

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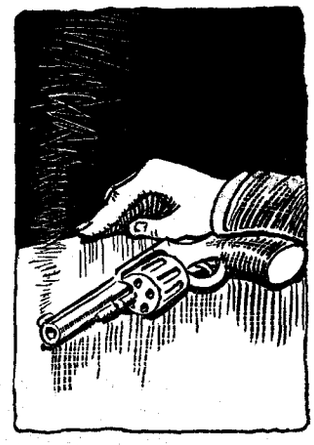
With such a molten lava bed underlying the structure of bankruptcy administration in the city, there is little wonder that the volcano burst into eruption. This came early in 1929. A warrant was issued for the arrest of a prominent bankruptcy attorney, but he had disappeared. A deputy clerk of the Federal Court attempted suicide. Receivers were indicted and arrested. The lava stream swept down upon a Federal Judge, and Congress started investigations. The judge resigned. The prominent bankruptcy attorney, when cornered in Philadelphia, preferred death by poison to exposure.



Meanwhile, the judges of the district court had taken the situation in hand. And so it was that on January 16, 1929, Judge John C. Knox, presiding jurist of the court, announced that on that day the Irving Trust Company had formally accepted the appointment as standing receiver in bankruptcy, and would begin immediately to organize a special department to handle this work.

On the same day the trust company was given its first receivership, that of a candy store called the "Love Nest." Colonel Daniel W. MacCormack, who was the department, together with an assistant and a stenographer, took possession with a half-dozen officers of the bank looking on.

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After that, receiverships came thick and fast; and the department was expanded as rapidly as competent men could be secured to take charge of the insolvent businesses entrusted to their care. The receivership division of the trust company is now a smoothly working machine with a personnel of 150, twenty-five of whom are in active charge of the administration of bankrupt estates. No one in the department, with the exception of Paul E. Mead, vice-president and former resident counsel of the bank, who heads it, was a member of the bank's staff previously. The "receiver's representatives," who have direct charge of insolvent estates, have been recruited from the outside business world and all have had years of practical experience in executive, legal, financial, or credit work.

What happens when word is brought, from the massive old Federal Building, on Broadway by City Hall, across the street to the bank's offices in the Woolworth Building, that receivership has been entrusted to them?

If it is a large case, involving liabilities of $100,000 ore more, it goes to Group 1, which handles equity receiverships, and bankruptcies of chain stores, brokerages houses and other large liquidations, as well as continued businesses. If it is a smaller case, it is referred to Group 2, or Group 3, according to the nature of the business involved. In each instance a trained man is assigned and takes charge of the case at once.

The wealth that has been administered by the men in Group 1 is colossal, staggering. Among their other lesser businesses, they have charge of the International Match Corporation, in the largest bankruptcy case in the history of this country. Claims for $1,200,000,000 were filed by 25,000 claimants, and twelve representatives of the department are at work in Europe—every country is involved—in an en-

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deavor to bring order out of the chaos of this portion of Ivar Kreuger's shattered empire.

One of the abuses of the old system which took many a prospective dollar out of the pockets of creditors was centered about the custodian which the individual receiver appointed to guard the property of the bankrupt while the business was being liquidated. Custodians' fees, $7 or $8 a day, often ate up a large part of the assets in small cases. The Donovan report about the matter:

"Little care has been exercised by receivers in the employment of custodians. Custodians haunting the clerk's office would rush to the telephone to solicit employment as soon as they heard that a receiver was appointed. A single custodian would often work on several cases at one time, and then file a false affidavit in each case alleging that he had spent full time on that case. It appears from the testimony that certain custodians, for their own benefit, had disposed of merchandise which they were supposed to guard."

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The Irving Trust Company, as receiver, has disposed of custodians for the benefit of the creditors. The first thing done when a receiver's representative takes over a bankrupt business is to change all the locks on the premises. The new keys go back to the bank in the pocket of the man in charge.

After the locks are changed, the next step on the program is to search the place, from desk-top to the waste-basket and the floor beneath the rugs. Scraps of paper often tell a tale. The fraudulent bankrupt still flourishes, but in New York his path is thorny because of the pertinacity and ingenuity of the banker-receiver-sleuths who know his tricks and often send him to prison and restore valuable assets to the creditors. Two recent cases, as described by one of the most efficient of the bank's representatives, will serve to illustrate the point.

A former bootlegger assumed a new name and opened a silk kimona factory on the East Side. He obtained a line of credit and began removing his stock of goods immediately, in anticipation of bankruptcy. He even removed the heads of the sewing machines before he skipped. When the receiver from the bank came upon the scene he reasoned as follows:

This fellow has undoubtedly removed his assets to some hiding place and has planned this coup well in advance. That would require some preparation. I'll have a look at his telephone record for the past few weeks.

The record showed ten long-distance calls to a town in Pennsylvania. The receiver, with two Federal agents and a lawyer, hopped into an automobile and burned the road to the Pennsylvania town. The chief-of-police there helped them locate the recipient of the calls. Within forty-eight hours after the trust company had been appointed receiver in the case, the two officers of the company had been arrested and $10,000 worth of merchandise had been recovered for the creditors. The men were indicted and convicted and went to Atlanta.

On taking possession of a bankrupt plant for the manufacture of women's shoes, the same trust company receiver found as assets raw materials worth about $2,500. There were no completed shoes. Diligent search and the patching together of scraps of checks and deposit slips found on the floor revealed that the company had made purchases within sixty days of material costing more than $60,000. Dummy accounts were traced and $8,400 recovered. The receiver hurried to a bank around the corner—the scraps had indicated an account there—and stopped payment on checks which would have withdrawn the cash balance of $4,000. The officers of the company were made to see the light and revealed the hiding places of material which was sold for $25,000. The assets of this bankrupt company were thus built up from $2,500 to more than $42,000, and instead of being wiped out, the creditors will receive a substantial dividend. Five men connected with the bankrupt company have been indicted by the Federal Grand Jury.

Virtually all of the trust company's tenure of office as standing receiver has been during years of the Depression. The little fellows came tumbling down first, and larger and larger corporations followed them. From January 16, 1929, to March 31, 1933, the Irving Trust Company was appointed receiver in bankruptcy in 3,459 cases. Of these the receivership administration at that time had been completed in all but 110. The bank was elected trustee by the creditors in 70 per cent of the cases in its first half year of administration and in more than 90 per cent in the last two years. In the larger proceedings, in which there is an active creditor control, the trust company has almost always been elected trustee.

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How does the corporate receiver avoid the pitfalls of inefficiency and corruption into which the New York district and many others have fallen?

Efficiency has been achieved, in the opinion of the judges of the court, through expert organization and rapid, shrewd and thorough handling of bankrupt estates. The costs are less, the settlements are more expeditiously achieved, and the creditors get a larger percentage of their claims. The possibility of corruption is so remote as scarcely to be worthy of mention. The banking institution has a long and jealously guarded reputation for unimpeachable integrity and its agents are selected with a view to preserving this reputation.

The satisfaction of the court was recently expressed by Judge Knox as follows:

"We feel that the creditors of bankrupt estates are now getting an administration of marked efficiency and high integrity. It is one in which creditors as a whole have confidence. The creditors now have the benefit of organized effort. If the administration of these estates should be returned to individuals, the benefit of that organized effort would be lost. The attention of individual receivers and trustees in most instances is desultory, and in the final analysis this procedure necessarily must be more expensive."

One of the criticisms most frequently made of the designation of a single corporate receiver is that "bank clerks," and not qualified business men, have charge of the administration of bankrupt estates. The trust company, in its report to the court as of September 30, 1932, lists the broad and extensive business careers of several of its receiver's representatives, and adds:

"In a city like New York, bankruptcy and equity proceedings are likely to recur with some frequency in a comparatively limited type-group of businesses. It has been possible for us to bring into the permanent staff of the receivership division men of active prior experience in many

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of these fields. These men have been able to add to their experience and broaden it considerably by their work in the division itself. At the same time it has been possible for them to develop and perfect their special qualifications in certain lines. We therefore now have every reason for a sense of assurance that the staff of the receivership division is qualified to handle skillfully and effectively every type, character and size of proceeding which may be committed to its administration."

The lawyers who have led the opposition to the trust company's "monopoly" of receiverships have disclaimed ambition to serve as receivers themselves, but have protested against the ruling which has deprived many lawyers of a formerly lucrative bankruptcy business.

Records of the Irving Trust Company's administration show that more than 350 separate lawyers and law firms have been employed by the bank as attorneys for the receiver in bankruptcy and equity cases. The judges of the court agree that the standard of legal representation has been noticeably higher under the bank's administration.

The charge of monopoly would have more justification if the profit derived by the trust company from its exclusive field of operations had been excessive. The report of the bank to the court shows that there was a net loss of $332,905 from January 16- to December 31, 1929, in the operation of the receivership division, and that not until 1932 had this loss been wiped out and a net profit of $75,426 shown.

When the court, in December, 1928, requested the Irving Trust Company to take over the receivership administration, officials of the bank hesitated to assume the responsibility for several reasons. In the first place it was felt that the institution would be subjected to a barrage of criticism from disgruntled lawyers and would be placed in a continuously controversial position. Furthermore, it was a matter of record that the great majority of liquidation proceedings were no-asset or small-asset cases, from which the bank would not only secure no profit but would actually incur losses.

The cost of the organization and maintenance of the special receivership department was another consideration. The bank, nevertheless, accepted the appointment as "a public service of recognized importance."

One of the difficulties of the position which was recognized by the bank from the beginning was that, due to the large number of estates it would be called upon to manage, it would be inevitable that the receivership division would be competing against itself in the administration of similar and rival businesses in bankruptcy.

It is true that we do find today the situation of one employee in the bank's receivership department running a hotel, which is in direct competition with another hotel under the care of a fellow employee.

But every effort has been made to minimize the dangers of such a situation. Each "receiver's representative" was impressed with the fact that he was the receiver, that he must administer the particular estate in his charge with one object only in view, that the creditors get the largest possible return on their claims. Thus it has resulted that the competition has been between receiver's representatives, each one endeavoring to make the best possible showing in the dividends secured for creditors. Efficiency has replaced haphazard management and cobwebs have been brushed away. Reductions in management expenses have been reflected in larger dividends for the creditors. The receiver gives impartial support in advertising, for instance, to such competing estates as the Ambassador and the Savoy-Plaza hotels. It is the problem of the man in charge to put the business under his care on a paying basis.

In some cases, of course, the competition would be too direct, and too intense for these preventive measures to apply. The Irving Trust Company was receiver for the United Cigars and Whelan Stores when the Liggett Drug Store chain went into bankruptcy. The trust company immediately filed a petition in the Federal Court, asking that it be not considered in the election of a trustee in the Liggett, in which no receiver was appointed. This request was honored.

There has been a consistent fight to oust the trust company from its position of sole receiver. The leader of the opposition has been Henry Ward Beer, president of the Federal Bar Association of New York, New Jersey and Connecticut. He and other lawyers holding similar views, sought first to have the District Court change its rule under which the Irving Trust Company received its appointment. This move being unsuccessful, they next sought support from the various bar associations within the metropolitan district. After a bitter fight the New York County Lawyers' Association voted to support them.

They were backed in their opposition to the standing receiver also by the New York State Bar Association, the Brooklyn Bar Association, the Nassau County Bar Association, the Westchester County Bar Association, the Queens County Bar Association, the Richmond County Bar Association and the Bronx County Bar Association.

The next attack was through the New York State Legislature. At the end of the last session state senators put through three bills to prohibit state banks or corporations from serving in the capacity of receiver or trustee in bankruptcy. This would have automatically eliminated the Irving Trust Company, a state bank.

Governor Herbert H. Lehman held a public hearing on the bills early in May. Judge Knox spoke in behalf of the District Court which had made the appointment. Representatives of the principal business organizations of the city and state, including the Merchants Association of New York and the Chamber of Commerce of the State of New York, appeared in opposition to the bills. The Governor vetoed the bills.

The next move by those opposing the idea of a central repair shop for broken business was a petition on May 15 to the Supreme Court of the United States by the special bankruptcy committee of the New York County Lawyers' Association to amend the bankruptcy laws so as to annul the rules of the Southern District of New York and prohibit the designation of any sole standing receiver.

At the end of the special session on Congress, the House authorized its Judiciary Committee to make an investigation of the bankruptcy and receivership activities of Federal District Courts. The Senate also adopted a resolution for a similar investigation by a special Senate Committee.

Experiments on a less comprehensive scale with corporate receivers have been tried in Chicago and in Detroit. They have been marked by success. The four-and-a-half year record of the Irving Trust Company, as sole standing receiver in bankruptcy in the Southern District of New York, has been one of outstanding success. Judge Knox has expressed the opinion of the court on the question:

"Above all," he said, "the court feels a sense of security under the present system. We can sleep at night."

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There Is a Law.....

By Joseph M. Mellen

Nearly two-thirds of our national income today escapes taxation. The inequalities of the income tax law and suggested reforms are discussed by Joseph M. Mellen, magazine and newspaper writer.

NO American citizen of conscience can fail to perceive in the operation of the income tax law cause for a sense of discouragement.

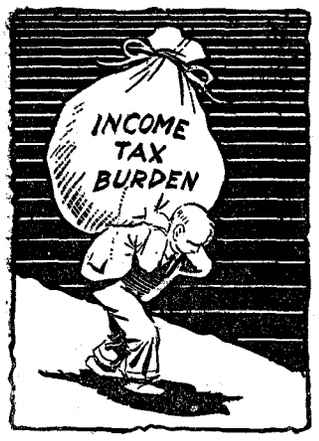
In principle, this law provides what is accepted to be the fairest method yet devised to produce revenue. The intention of those who conceived it was to allocate the cost of government among the beneficiaries in proportion equal to their enjoyment of material possessions.

In practice, however, this perfection of principle has been vitiated by injustice. Instead of so applying the principle that it is possible to compute the income of an individual from the amount of his tax, a system has been substituted whereby the tax a man pays gives no indication necessarily whether he dwells in halls of marble, or is a candidate for the poorhouse.

Theoretically, the law is full of virtue. To distribute the burden evenly on the basis of a tax on every dollar of income accords harmoniously with the ideals of democracy. Furthermore, because the income tax is paid directly by the individual, it performs the function of making the public conscious through taxation of the cost of maintaining central government.

It is the sanction and enforcement of inequalities principally which lays the law open to adverse criticism.

In the first place, and one doubts the general public is aware of it, ninety-five out of every one hundred citizens are exempted from paying a tax upon income. What makes the situation even worse is that, of the ninety-five who are exempted, many are comparatively rich. A pitiful minority, then, has thrust upon it the entire burden of income taxation. Impotent to bring home this wrong to the rest of the population, this feeble group must suffer in silence. One ventures to hope that, if the victims became articulate, the American sense of justice of an informed public opinion would free them from this intolerable oppression.



Any assumption that ninety-five of every hundred citizens are justified in escaping their share of the tax burden, or that they are incapable of bearing some part of it, is taking a position simply untenable. Therefore, a fundamental iniquity must exist in the philosophy of the system.

An easy way to visualize the situation, to ascertain the reasons for inequality, is to imagine all Americans of income enclosed annually in a stockade prior to the fifteenth of March. Here they are herded together in a way familiar to voyagers returning through the Port of New York from Europe. They must remain in this pen until they have satisfied government officials to what extent, if any, they are taxable. They accomplish this through the formality of filing an income tax return, whose truth they attest by their signatures.

To those on the inside, a distinguishing characteristic of the stockade is the variety of its numerous exits. Three, by their width, are extremely inviting. Others appear small by comparison. A few are so limited as to compel those using them to lie down and wriggle to freedom.

The widest gateway serves more than three of every four men and women. Access is provided through the medium of personal exemption. This great opening, carved out by the omniscient benevolence of Congress, varies somewhat from year to year. Never, however, does it fail to exempt incomes far larger than the national average. Indeed, it is so generous that, for many not wholly exempted, the tax is practically negligible.

Second in width is the gateway for tax exempt income from bonds issued by the Federal, state, county or municipal governments. Securities of this description originally were exempted for two reasons. The tax exemption feature was expected to permit their issue at rates of interest below the prevailing market and to create a market eager to absorb them. Many individuals leave the stockade through this gateway because enormous sums have been placed in these securities.

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The third gateway in point of size, occasionally larger even than the second, is the Exit of Capital Losses. The reason for this gateway is the provision in the law permitting deduction from income before computation of taxes of losses from capital. To establish losses of this nature, the individual sells at less than the price of purchase tangible, or intangible, property during the period for which the tax is to be calculated. This loss may be purely theoretical, since the law also permits the property to be repurchased after a lapse of thirty-one days, the new price having no bearing upon the calculations, whether it be the

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same, higher, or lower.

It is, of course, neither fair, nor strictly accurate, to emphasize critically this provision of the law to take account of losses without drawing attention at the same time to the parallel provision under which capital gains, or profits, must be considered as part of income. From the viewpoint of the amount of taxes produced, it is possible that in the long run profits and losses balance. Nevertheless, this fails to diminish the basic unsoundness of considering changes in capital as part of income, unless two wrongs can make a right.

Few of the remaining exits can be dignified by calling them gateways. All are much smaller than the first three. All are legal, though often used illegally. They include gifts to institutions for religious purposes, learning and charity. They include also sales taxes already paid on articles and commodities purchased, such as the gasoline and amusement taxes.

If one thinks of the income, rather than of the individuals receiving it, penned in the stockade, it perhaps will be apparent why huge sums annually escape the tax theoretically levied upon income. Some income uses one of the exits provided and other income another. In total, nearly two-thirds runs or trickles to freedom with the approval of the inspectors.

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The point is, and anyone may discover this by consulting pamphlets published annually by the Bureau of Internal Revenue, United States Treasury Department, that little of the national income is taxed because the law specifically exempts it. If, of course, this state of affairs represents the will of the people, any prospect of reform is hopeless. It still seems, however, that the passivity of the public to this inequality and injustice possibly can be attributed rather to popular ignorance than to a wilful policy. Otherwise, one indicts more than one hundred million Americans of despicable tyranny.

The situation has another unfortunate aspect. One must grant, as critics long have contended, that the income tax taxes honesty. Knowledge that many avoid participating in the burden tempts others, enhancing the attraction of dishonesty. Those who avail themselves of opportunities to escape the spirit of the law, while obeying its letter, find themselves mingling in excellent company. They further still their consciences by observing that the government does nothing toward the removal of exemptions.

While statistics every year tell much the same story, those for 1930 are suitable to illustrate the situation. They are the last, or at least the latest, which the American public likes to consider normal.

The national income for that year, according to estimates prepared by the National Industrial Conference Board, amounted approximately to seventy-one billion dollars. The same body is authority for the statement that the Federal government collected just under two billion dollars on this sum in income tax. Yet, according to "Statistics of Income for 1930," published by the Treasury Department, this tax was derived from sources aggregating but a round twenty-five billion. None at all, apparently, came from the remainder of the national income, a mere matter of forty-six billion dollars.

Delving further into this mass of information buried in the archives for 1930, one learns that the proportion of the population which paid the two billions were extremely limited. The records of the Bureau of Internal Revenue show that only 3,707,509 individuals and less than 500,000 corporations filed income tax returns. The rest paid nothing toward support of central government.

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These figures obviously raise a question. Is it proper to describe this source of revenue as a tax upon income? The revenue results from a partial tax upon the national income, but it seems as if enough were exempted to make some other name more accurate and desirable.

Figures in themselves may be among the disagreeable inventions of the human mind. In this case, they reveal facts fully as disagreeable as they are. Among other things, they make it clear that half a million corporations paid into the national treasury from their earnings in 1930 nearly twice as much as did all individual contributors, notwithstanding these latter totaled more than three and a half million. Also, the corporations paid twice the tax levied on individuals, though theirs represented barely more than a third of the taxable incomes of individuals.

One of the immediate conclusions from this information is that the income tax in design is political. This is obvious once it becomes apparent that no pretence is made to tax income impartially. One of two explanations seems probable. Either the people, through their elected representatives, employed their collective power in an attempt to achieve a Robin Hood-like equalization of wealth socially, or the politicians played to the galleries of voters in the role of demagogues.

While the conception of a tax upon income well may have originated among economists and been proposed for legislation by disinterested statesmen, it appears to have suffered corruption. Penalizing those weak in numbers for the benefit of those strong, betrays the hand of the practical politician who has never displayed much interest in insignificant minorities, judged by their power in voting.

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To the unfairness of high personal exemption—incidentally a principle which thus far has not resulted in wider distribution of the national wealth—the politician has added other objectionable features. While this first form of exemption apparently was written into the law for its appeal to the great mass of voters, two other provisions benefit those possessing wealth. These, of course, are the deduction of capital losses from income and exemption of income from securities which are issued by the government.

Perhaps nothing so much as a few actual examples of the problems, which confront individuals in the preparation of their income tax returns, can illustrate why the law, both in letter and in spirit, has become today a source of irritation and dissatisfaction to all Americans who are capable of intelligent opinion.

A few years ago, when excessive surtaxes survived the war period, an elderly man retired from active business. As a manufacturer and merchant of textile products, he had amassed a considerable fortune. In the course of con-

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versation with his son, he voiced his indignation at the law.

"What tests my patience," he exclaimed, "is the law's inconsistency. First, it proposes to tax a rich man out of existence. Then, it permits him to escape the imposition of taxes.

"Through hard work all my life, I have been successful. Now, I am able to retire. When I give up business, I must invest my capital in the business of others. One of the companies I have investigated appeals to me more than the others. I believe in the prospects of the industry of which this company is a part. I am satisfied its management is superior to that of other companies.

"If I make this investment, my return will be seven per cent on my capital. But because of the size of my fortune, surtaxes will reduce my income to a bare two per cent. This strikes me as unjust.

"If, on the other hand, I take advantage of the law and invest in tax exempt bonds, my income will average at least four per cent. Naturally, I shall do this, but it does not satisfy my intelligence or my conscience."

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What annoyed this Yankee of nine generations' standing was not so much the loss of income. In fact, he informed his son that he would be willing to compromise with the government. He would be delighted to put his capital into the company of his choice and to pay the government the difference between four and seven per cent income. His grievance was that the government forced him by the necessity of self-protection to violate his most sacred principle.

"The trouble with the law," he continued, "is that it forces me to invest, instead of in what I consider well managed business, in the worst managed business in the United States, namely municipal government.

"Ever since I first entered business, it has been a matter of principle with me to lend money or extend credit on the basis of character rather than security. The law obliges me to break this rule, which I have found successful."

Turning for the moment from the personal aspect, he raised another objection.

"In the long run," he exclaimed, "I believe the law harms the people as a whole. In the first place, since it enables me to avoid paying any taxes, the provision of tax exempt securities deprives the government of revenue from my fortune, revenue to which I believe it is entitled.

"But, that is not the worst result of exempting such income. It seems to me that there must exist a large pressure upon those who can issue such bonds to provide a supply equal to the demand. If this be true, there is a strong force pushing public officails toward extravagance which will cost all property owners, both small and large, heavy interest charges as well as amortization.

"In the course of my experience, I have seen very few public bond issues finally and permanently retired. At maturity, the existing bonds are refunded, or, following their retirement, a new batch is issued on some other project. It is certainly a fact that the total bonded indebtedness constantly increases, carrying with it an increased burden of debt service."

As a matter of fact, it has been estimated that no less than $31,933,000,000 in tax exempt securities were outstanding in 1930.

The general attitude of the public toward income taxes appears to be that of seeking by every means to escape with a minimum payment. One seldom hears an individual speak of his payment as a just obligation, or as a willing contribution to the maintenance of government.

A large group which avoids taxation successfully, at least in times when market values fluctuate normally, is composed of those who devote their abilities to the figuring of trades which will establish losses sufficient to offset taxable income.

Three young executives, in one of the New Era corporations which paid generous salaries, arrived a few years ago at a system of law nullification by which they succeeded in avoiding any income taxes whatever. Little doubt can be raised of failure in any respect to satisfy the law, for counsel to this particular corporation helped to devise this ingenious system. Toward the end of the calendar year, Mr. Jones sold a block of stock to Mr. Brown, Mr. Brown sold another block to Mr. Cohen, and Mr. Cohen made a sale to Mr. Jones. These three sales were at figures which represented a substantial loss in each case from the price of purchase. By deducting these losses from their statement of income, Messrs. Brown, Jones and Cohen found it unnecessary to give financial support to the Federal government.

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The sequel to the story, of course, came when Messrs. Brown, Jones and Cohen, perhaps two or three months later, repurchased their stock at the same price for which they had sold it. The lawyer's advice was not given formally, which might have involved him with the grievance committee of his bar association, but he was thoughtful enough to warn his friends carefully that no agreement must be made, either written or oral, regarding repurchase. Such an agreement, however, must have been understood tacitly, for a certain measure of unfriendliness eventually developed when one of the trio sold at a profit in the open market the stock he had bought from one of the others.

Another objection can be raised to the system of counting capital loss and profit as part of income. In this case, the objection is that it is basically unjust, rather than that it contributes to such dishonest methods as those practised by the stock swapping executives.

It must be obvious, in the case of the sale of securities held for several years, that the total rise in value, or loss, did not occur entirely in the year when they happened to be sold. At least, this could not be held true necessarily. Yet, if such securities are sold, the law requires that the profit, or depreciation, be counted part of the income of those particular twelve months. Just as this causes sales more or less fictitious to avoid taxation, it also acts to prevent many sales dictated by sound judgment because of the heavy penalty upon profits.

Furthermore, the provision of counting profit and loss as part of income is absurd from another angle. Supposing for pur-

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poses of illustration that an individual earns a salary of twenty-five thousand dollars annually and enjoys additionally an income of twenty-five thousand dollars from capital which he has saved, or inherited. His net income amounts to fifty thousand dollars. For the law to permit him to juggle his investments in such manner that he avoids the obligation to pay an income tax is nothing if not highly ridiculous. Yet, this is often the case. Neither his income nor his capital is affected. And this individual, whatever his qualms of conscience, lives on the scale of his fifty thousand dollar income, although in the eyes of the law he must be regarded as without visible means of support.

Finally, one comes to personal exemptions which the law extends to single and married persons for themselves and for their sole dependents. Can this be regarded as other than a deliberate attempt by politicians to create a classification of special privilege for the vast majority? If taxes be imposed upon income, should not all who enjoy income be required to pay some tax upon it, regardless of the rate which might be determined? Yet, it is apparent that it is the purpose of the law to tax the income only of those who are successful beyond the average and considered rich by the majority of American citizens.

Recently, an employe in a district office of the Collector of Internal Revenue had an experience which illustrates this attitude of wringing the last dollar from exemption and deduction. This official of the government happens also to be an officer in a local political club. Two or three months before the final date for filing income tax returns, a prosperous member of the district joined the official's political organization. On the surface, it appeared that he had become interested in politics, although he did not seek an active part when the opportunity was offered to him. Soon, however, his purpose became all too obvious. After inviting the official to a series of expensive luncheons, at which the Eighteenth Amendment was repealed, the business man asked for expert assistance in filling his income tax return blank. Naturally, the official was glad to oblige him. After stating his income and claiming every reduction, exemption and deduction which the letter of the law allows, the business man finally had an irreducible total on which the official proceeded to figure the tax payment.

"But, just a minute," insisted the business man, "I will have to pay twice as much this year as I did last. I won't do it. I am willing to pay what I paid last time, but that is my limit. What can we do about it?"

And that was the reason for the interest in politics and for hospitality. The government employe was expected to apply the art of magic until the rabbit of tax payment had shrunk to the desired proportions. Incidentally, he did not find it easy to make clear his refusal.

An incident, of a type which must be common, occurred the fifteenth of March this year in full view and hearing of all who happened to be present in one of the income tax payment offices.

A young woman had entered her name, address, occupation and total income on one of the blanks for that purpose. Her income amounted to eleven hundred four dollars. Being single, the law required her to pay a tax on four per cent on the one hundred four dollars which remained after she had deducted one thousand dollars for personal exemption. The tax came to four dollars sixteen cents, really a negligible amount and part of her salary in a year when the need of the government for revenue could not be greater. But, nevertheless, she appealed with a smile and a whine to the assistant delegated to aid taxpayers.

"But what about my deductions, mister?" she pleaded. "I'm too poor to pay all that money."

With great courtesy, the overworked official asked her, step by step, what she had spent in the category of deductible items.

"Did you," he began, "make any contributions to charity?"

"Oh sure, I gave a great deal to charity. I gave all the time to the hospitals."

"What else? Did you give any money to your church?"

"Oh, yes, I gave lots to my church."

"Well, did you go often to the theatre on taxable tickets?"

"Of course. I went all the time to the theatre. I always sat in the best seats," she concluded, and waited hopefully for results.

Naturally, it did not take the harassed official long to write off the miserable contribution to government. When he asked her to affix her signature and to swear to the truth of her statements, she accomplished both with ease and confidence. She paid no tax.

In addition to these virtually petty offenders, there is supposed to exist a large class of those who deliberately defraud the government annually. By rumor, they are well known. Only a few, however, reach the courts in legal proceedings.

This class consists of those who are reputed to reap inordinate profits from the vocation of violating the Eighteenth Amendment or participation in any of the more lucrative forms of racketeering. The few cases brought before the courts indicate that little profit of this sort reaches the United States Treasury in payment of income taxes. Whatever their crime, these notorious tax dodgers generally are prosecuted under the income tax law merely because it is easier to obtain a conviction for this offense than for the crime of which they are believed guilty.

The time seems to have come to sum up the case. On the one hand, the experiment has been attempted in theory of apportioning the expenses of central government in the United States among all citizens on the basis of proportional taxation dependent upon the amount of each citizen's income. Instead of effecting this essentially just program, a system has been established which heavily taxes a small part of the population. Those untaxed, whether rich or poor, honest or dishonest, fair or unjust, calmly permit to exist a situation which amounts to legalized confiscation from those who are too weak, or too ignorant, or too spineless to resist. To those who believe in the underlying principle of an income tax, this inequality and injustice must prove a source of discouragement and disappointment. In view of the number of years during which the present system has gone unchallenged, it does not appear to be reasonable to expect the Congress of its own accord to correct the provisions of the law as it now stands upon the books.

To understand the situation thoroughly, it must be remembered that, when the income tax was first imposed, it provided the government with a new source of revenue.

Recalling that the United States successfully paid its way for more than a century and a quarter without taxing income directly, it is clear large sums from this source were not necessary at the time of the law's enactment. If government expenditure had remained approximately con-

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stant, a minimum tax would have met adequately the needs of normal expansion. Perhaps this explains the original exemption of incomes in the lower brackets.

Unfortunately for the taxpayers, politicians soon discovered the income tax law to be a goose laying golden eggs. They immediately expanded existing departments and created new forms of government activity as rapidly as their imaginations could conceive them. The result is that today the cost of central government has grown to four-fold its previous extent.

The continued demand for new revenue from the income tax source, to balance a budget of continually increasing expenditures, adds constantly to the inequalities and injustices of the present law because it intensifies the plight of the few who bear the burden. Reform, then, is rapidly becoming imperative.

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How far repeal of the Eighteenth Amendment, already more than one quarter won, will operate to relieve the pressure of tax burdens is a matter for conjecture. Certainly, to judge from the benefits of present beer revenue, taxes upon spirits and wines will ease the tension, but it must be remembered that the huge program of public works to relieve unemployment will absorb vast amounts of money.

Reform of the income tax law must be accomplished without upsetting the national budget. Steps must follow a logical sequence. The first is to estimate total expenditures. After deduction of estimated receipts from all sources other than taxation of income, one arrives at the amount to be raised by this revenue.

If, for example, the government intends to expend three and one half billions in the fiscal year of 1934, and receipts from all sources, excepting income taxes, are estimated at one and one half billions, it is clear that two billions will be the nation's income tax bill, no matter how the law apportions it. On a reasonable estimate of the national income at fifty billions, this tax amounts to a flat rate of four per cent on all income.

The purpose of reform in the present income tax law should be to eliminate what are recognized to be evils of injustice and inequality. Since these evils are caused by the exemption of a large majority of all incomes, by the exemption of income from certain types of securities and by the inclusion of capital gains and losses as a part of income, these are the features primarily of the income tax law which require elimination.

The first step, then, toward reform demands that a tax be levied upon all income. This reform would give every citizen who has an income a direct interest in the total expenditures of the central government, which admittedly few have at present. This reform, then, would make the public tax conscious.

The second step toward reform must halt immediately the further issue of securities exempt from income taxation.

The third and final step toward reform must discontinue the practice of considering appreciation or depreciation of capital as a part of income.

While it cannot be claimed that any of these reforms is controversial, it is true unquestionably that they would, if adopted, immediately raise an issue upon which opinion might be expected to diverge widely. This would be the question whether, fundamentally, all income should be subject to a flat rate of taxation, or to a graduated rate, increasing as at present with the amount of income.

The purpose of a graduated tax, of course, is to relieve small incomes of burdensome levies and to attempt in some measure to correct the unequal distribution of wealth. Without entering into a discussion of the comparative merits of social legislation, it is suitable in passing to mention two opposing aspects of graduated taxes. Little agitation need be feared against the sliding scale tax rate so long as the limits of the spread remain reasonably close together. On the other hand, the fairness of increasing the rate with the increase of income may be challenged from the point that, even with a fixed rate, the larger the income the larger the taxes. Finally, in answer to those who would experiment with social legislation in order to stimulate a tendency toward the redistribution of wealth, past experience with a graduated rate does not encourage such a conclusion, unless it be carried to the extreme of confiscatory levels.

Granting the improbability, politically, of the establishment of a fixed tax rate for all income, it would seem highly desirable to start with a tax of not less than one per cent of income from which no personal exemptions would be permitted. In common justice, it would appear equally sound to insist that the maximum rate should not exceed eight per cent. If it should appear that such an income tax would fail to yield what the government proposed to spend, the rates might be increased equitably, if the increase were apportioned evenly upon all income.

One of the advantages of a fair distribution of the income tax upon all pocket books would be the greater responsibility upon the politician to explain governmental extravagance. Even the callous office holder would hesitate before supporting a measure calling for an expenditure which would affect every citizen in his constituency.

As to other benefits of a reformed income tax law, one would accrue to the people individually. Though the law more than ever would be a tax upon honesty, it would be apparent that an effort had been made to allocate the burden fairly. This would draw much of the sting of the obligation. Having become tax conscious, the individual would view government expenditure more critically and with genuine interest which now is lacking. It would no longer be possible for the citizen to escape full responsibility for public extravagance.

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To the people collectively, the benefit perhaps might have a quality more spiritual than material. In the first place, the entire population would cease to be guilty of inequality and injustice once the tax law ended discrimination against one group in favor of another. Then, too, having become conscious that the government is nothing more nor less than all its citizens, reformation of the tax law would contribute to a spirit of national unity among the American people.

To reform the income tax law means to overcome obstacles. Politically, every effort to purify the system by purging it of its recognized evils will be fought tooth and nail by party organizations. Politicians will oppose reform for two reasons. In the first place, such reform would inevitably result in a curb upon the extravagance of their spending. In the second place, the change would tend to break down the barriers which now prevent unity and sympathy between all elements of the population and, in politics as in war, it is sound strategy to play off one group against another.

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Economic War Reports

Compiled by Edward H. Collins

American Front

THE ADMINISTRATION includes among its persons in authority those having many shades of opinion, all, it seems, working simultaneously for their own special aims. The anomaly of an Administration setting off bravely to a conference where freer trade movements were to be arranged the while, at home, it set about putting the country on a domestic basis has not escaped remark before now. The Administration's domestic program has as its major aim a rise in prices so that debtors' loads can be eased without actually breaking the debt contract, in spite of the fact that a rise in prices, at least of proportions greater than the decline in the dollar, will have the effect of making American exporters unable to compete successfully in world markets. By the industrial recovery bill the Administration has sweeping power over business. The practical effect of the price control provisions would be to raise prices. Unless the other leading countries of the world took similar action promptly American prices would be unrelated to world prices. The Administration has indicated that it realizes these consequences of its policy, for it is trying to convert the leading Powers at the London conference to a program of cheap money and public works and curtailment of output to raise commodity prices. The chances of its advice being taken by the other Powers do not appear at all bright, but their refusal will perhaps not be a deterrent to the full application of the policies in this country. The effect of this program is manifestly harsh on those American industries depending on competitive export markets, and their workers will doubtless have to be absorbed in other lines—unless a miracle is performed at London.

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British Front

GREAT BRITAIN, off gold and on the mentor of the financial world, has recently made a decision that to the other non-gold countries must seem quite gold standard—that is to say, too financially orthodox and puritanical. For Britain, through her redoubtable Neville Chamberlain, has taken a firm stand in favor of a balanced budget. Against all of the inflationary blandishments of Mr. Keynes and his coterie, the Chancellor of the Exchequer has stood firm. Directly before the new budget was to be drawn up Mr. Keynes and his satellites agitated early and late for a deliberately unbalanced budget as a means of providing work, raising prices and easing taxes. But Mr. Keynes, around whose head beats a fierce light these days, never had less influence with a Chancellor. "We owe our freedom from that fear (that things will get worse) largely to the fact that we have balanced our budgets," said Mr. Chamberlain, and along that line he framed his budget. The significance of his decision to the rest of the world is great. Because he declined to go adventuring with the government's credit, sterling has become a highly regarded, though still a paper, currency. Funds have poured into London from the outer world in such huge quantities that the Treasury has had to increase the currency pegging fund by £200,000,000. Thus, to some extent Britain has resumed its old role of a refuge and abiding place of confidence in a troubled world. The long list of trade agreements Britain has drawn up since she turned protectionist has been lengthened by the inclusion of pacts with Norway and Sweden, which have agreed to buy 70 per cent and 50 per cent, respectively, of their coal requirements from Britain in return for concessions on certain high grade steel.

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Russian Sector

RUSSIA has been dangling before the eyes of the capitalistic countries the bait of large buying orders if the rest of the world will only extend credits and reduce tariffs. Another attempt was made recently by the Soviet to obtain recognition in this country, while at the London conference M. Litvinoff talked billions of dollars of buying orders while the rest of the delegates were thinking in terms of percentage reductions in specific tariffs. These earnest attempts to do business with the rest of the world, combined with the Soviet's expressed willingness to sell its half interest in the Chinese Eastern Railway, must be taken as indications that Russia's foreign exchange position is getting straitened indeed. Further evidence of this sort is to be found in the fact that Russia had to borrow additional amounts from Germany to pay interest charges on debt previously contracted. And yet the Soviet set about deliberately to break off trade relations with Great Britain, for it must have realized that would be the result of the engineers' trial in Moscow. Since the trade war between the two countries started in April, Russia has lost all of her sales of oil and oil products in Britain, and Russian takings of heavy engineering products and machine tools have been stopped.

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German Front

GERMANY HAS MADE AN ASSAULT on its economic problem from within and without. The general theory underlying the measures she has adopted is grounded in the same ethics and philosophy which allowed Great Britain and the United States to go off gold with remarkably free consciences. Germany is trying, in other words, to better her position at the expense of the rest of the world. First and most spectacular, Dr. Hjalmar Schacht, president of the Reichsbank, whose influence in the circle of Hitler advisers is perhaps the weightiest, proclaimed a general moratorium on the transfer abroad of the service charges on selected portions of Germany's external debt. Any number of American bankers can adduce figures to show that so drastic a step on Germany's part is not at all necessary.

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Dr. Schacht, however, took it, and for two reasons. He wanted to end deflation at home. Because of the large volume of Germany's foreign indebtedness, he could not attain this goal by going off gold. Instead, he "went off foreign debt." Second, because Germany has to export less now to pay service on the external debt she can concentrate on price relief at home. That part of the program Herr Hitler is providing. No longer worried about keeping prices down so as to compete in foreign markets, Germany is to extend 1,500,000,000 reichsmarks of credits, two-thirds of which is to go into public works schemes. The Reich is to cut farm mortgage interest from 5½ to 4½ per cent, with the government paying the 1 per cent lopped off. Women are to be taken out of jobs and placed in the home. Marriages are to be subsidized, for the birth rate is very low; and toward this happy end the unmarried are to contribute a special super income tax of 10 per cent. To spur home buying, certain purchases made in the domestic market are to be deductible from the income tax.

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Italian Front

ITALY IS ONE of those countries which has its costs well enough in hand to be able to get a fair share of foreign trade in an anti-foreign trade world without forcible capture of markets or currency depreciation. In the economic sense that is one of the chief features of the Mussolini regime. Italian foreign trade turnover last year decreased 30 per cent, but for the world the average decline was 35 per cent. The Italian government has kept imports down, not so much by trade barriers as by making the country practically self-sufficient in wheat. In fact, in 1927 Italy had an import surplus of 5,000,000,000 lire, of which about 50 per cent was due to wheat imports. In April of this year the import surplus stood at 115,000,000 lire, compared with one of 246,000,000 in April, 1932. This unfavorable balance is covered by shipping, tourist trade, emigrant remittances and income from foreign investments. With the trade position so greatly improved, the lira has been able to take care of itself and has proved one of the strongest and least suspected of the few remaining gold currencies. The leanings of Mussolini toward financial rectitude were demonstrated anew by his determination to make a "token" payment of $1,000,000 on the June 15 debt instalment. Italy paid in full last December.

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Sector of British Dominions

THE PRINCIPLE OF A FREE MARKET, whose desirability the social planners do not admit, is finding a stanch supporter in Australia. When, under the leadership of the United States, now an enthusiastic social planner, the question of restricting wheat output came up on the first day of the world economic conference at London, members of the Canadian and Australian delegations quickly demurred. Australia especially is opposed to curtailment of wheat production. The depression hit Australia with great violence long before it descended on the rest of the world, and by dint of herculean efforts the Dominion is beginning to emerge from its difficulties. This it has done by crushing deflation at home, which has allowed the country to increase its exports greatly even in a paper currency world. All suggestions that Australia accept a lower volume of wheat exports at a time when she is geared up to increase her exports are naturally not warmly received. Canada's attitude has been less positive; her delegation has shown a willingness to wait to see what is offered in return for restricted wheat output. The information, however, is that the Canadian grain trade is opposed to restriction and that Prime Minister Bennett is not an enthusiastic supporter of it.

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French Front

THE VOLUNTARY DEPRECIATION of the dollar, undertaken in this country on the urging of some of the adherents of the Keynes school of infallible currency panaceas, has begun to reap a harvest of retaliatory measures in other countries, as all expected who could see beyond the three-mile limit. The French Cabinet introduced in the Chamber of Deputies two bills designed to pave the way for the imposition of a 15 per cent surtax against United States goods. The purpose of the bills is to provide a defense against the depreciation in the dollar. To appreciate this legislative proposal to the fullest extent it is necessary to realize that it was made on the eve of the departure of the French delegation to the World Economic Conference across the Channel in London, where trade barriers were to be leveled and international trade, rapidly becoming extinct, to be revived. France approached the conference table feeling self-consciously old-fashioned. She, the leading country still adhering to gold, was to negotiate trade agreements with Great Britain and the United States, which had given up the old faiths and had taken up new fangled currency ideas. France seemed to feel that every effort would be made to drive her off gold. To do that would be less difficult now than it was a few months ago. The nation's chief source of financial security is the 80,000,000,000 francs of gold reposing in the Bank of France's vaults. There is little else over which to take heart. The budget is hopelessly out of balance, and the French public and the rest of the world are keeping a death watch to see whether the government borrows directly from the bank of issue. That was the beginning of inflation in the post-war years. It would be again.

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Japanese Sector

THE DEPRECIATED CURRENCY PICNIC which Japanese exporters have enjoyed for a year and a half apparently is about over. Unfeeling nations are beginning to raise tariffs against Japanese products, to the accompaniment of no little wailing in Tokyo. India, where the importance of Japanese textiles has grown by leaps and bounds since the yen was removed from gold in December, 1931, has recently, without warning, raised the tariff on non-British cotton piecegoods to 75 per cent, thereby effectually barring Japanese textiles of this character. Promptly there arose in Tokyo from a committee of Japanese spinners a recommendation that imports of Indian raw cotton be boycotted. Japan already had been cutting down on her takings of Indian cotton, the total falling from 147,000,000 yen worth in 1930 to 91,000,000 in 1932. India's loss has been the United State's gain, for raw cotton imports from this country went up from 176,000,000 yen in 1930 to 320,000,000 in 1932. About 53 per cent of all Japanese textile exports go to the British Empire, and the fear in Japan now is that other British territory will follow India's example. Japan has played the depreciated currency game harder than any of the other countries. While the pound sterling was selling at a discount in terms of gold of about 30 per cent, the yen was 60 per cent depreciated. Parts of the world have not unnaturally decided that this was overplaying the hand.

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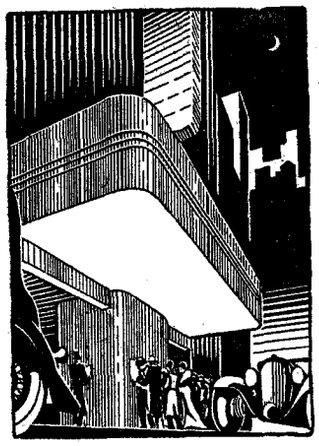
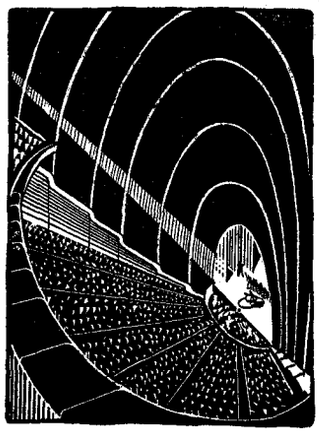


To See or Not to See

By Cy Caldwell



Shooting Star

Play by Noel Pierce and Bernard C. Schoenfeld, Presented by Crosby Gaige at the Selwyn Theatre

A string of biographical dialogic episodes, no matter how well acted, must of necessity lack the grandeur of dramatic movement demanded of a good play. In eleven individually good enough and often excellent scenes, the authors have set down the rise and fall of an imaginary popular actress whose tragic life bore a curious resemblance to that of the late Jeanne Eagels. These authors have written well, within the limits of their material; Bela Blau has staged Mr. Gaige's production admirably; Raymond Sovey has designed fine settings; and a good cast has given of its best. The net result of all this effort, set forth in three of the longest hours I ever have endured, is eleven scenes with ten waits between them that manage to kill what slight interest each scene had aroused. Shooting Star holds no dramatic problem to carry your interest from one scene to the next; all you are offered is the surprisingly unmoving portrayal of a leading lady's life—what is she going to do, what man will interest her next? Probably you won't care; I certainly didn't. My one interest in this tiring play, whose dullness was unrelieved by the slightest touch of humor, was the splendid acting of Miss Francine Larrimore. She was superb. For her sake I could wait patiently between scenes while a small and evidently saddened orchestra sawed away dispiritedly; and I was rewarded when, by her artistry alone, and with no help from the authors, she made an artificial and theatrical death scene appear almost real. If Shooting Star is nothing else (and I'm afraid it isn't) at least it is a personal triumph for Francine Larrimore.

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Jennie Gerhardt

Paramount Picture

Theodore Dreiser, that gloomy hippopotamus of literature who comes out of his tank once every four years, approves this film version of his somber, powerful, and somewhat mouldy novel; so you may rest assured that it carries quite as much weight as the large block of reinforced concrete upon which, I am told, Mr. Dreiser has written all of his novels. Mr. Dreiser's film trouble is that he overstayed his market. Instead of selling his lugubrious, old-fashioned yarn to the movies years and years before countless scenario writers had borrowed bits of its plot and many of its situations, Mr. Dreiser has been looking at Russia, stroking the flowing beards of Communists, and making sentimental publicity journeys to the trials of sundry dubious rascals where the presiding judge almost invariably glanced at Mr. Dreiser and asked, "What is he charged with?" The natural result of this dalliance on the way is that Jennie Gerhardt comes to us a bit late—say about fifteen years. By waiting, Mr. Dreiser may have helped himself, but he has ruined Jennie. To-day she merely looks quaint when she should look pathetic. Years ago, when I read "Jennie Gerhardt," I was deeply moved; the other day, when I saw Jennie, I was deeply bored. Yet Jennie seemed the same; it is the world and I that have moved on. I couldn't help feeling that the Jennie of to-day would have nicked Lester Kane for half a million, and moved to Paris.

The Climax

Revival of Edward J. Locke's play. Presented by Harold Hevia at the Bijou Theatre

The audience welcomed as an old friend this tender little sentimental play of a quarter century ago. With Guy Bates Post and Norma Terris in the leading roles it is well worth seeing, if only to recapture a gentleness and sweetness that have practically vanished from the modern theatre. In these days when plays aim at the head, it is a pleasant change to view one that seeks to touch only the heart. And The Climax does this, if you still have a little heart left in these hard and realistic times of Senate investigations, economic conferences, war debts, and general confusion. I'd see it, if I were you, and try to recapture the feeling of days gone by, when all of us knew less and were the happier for it. The play tells the simple story of a young singer who loses her voice after an operation; and the doctor who loves her makes her believe that she never will sing again. He uses mental suggestion, just as Mr. Hoover did about prosperity a few years ago, and even in the play it didn't work.

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Lilly Turner

First National Picture

The drab story of Lilly Turner unfolds her life in a medicine show with its dismal collection of grifters and strong men and staring yokels and its dreary grind from tank town to tank town. True enough to the life it depicts, and notable for the excellent work of Ruth Chatterton as Lilly, the picture has a depressing quality that got me down and held me down, which I presume was the intention of Director William A. Wellman, who even turned on the rain so I would feel completely sodden. At heart a hopeful creature who wants to smile if the world will give him a ghost of a chance, I resent these doleful film attacks on my natural cheerfulness. However, it's a good enough picture of its dreary kind.

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A Study in Scarlet

Fox World-Wide Picture

Practically everything has been done with Sherlock Holmes except wrap him in cellophane and retail him in chain drug stores. And probably someone is working on that. I don't object to the old boy, mind you, but he is becoming just a trifle tiresome, even though his various resurrectors through the years have on occasion changed him so that even Sir Arthur Conan Doyle couldn't recognize him. In this instance he is completely disguised as Reginald Owen, while our old friend Dr. Watson resembles a Mr. Warburton Gamble, and the Study in Scarlet itself becomes something entirely different. But it's all very exciting to those who delight in mystery. I only wish that I was one of those happy people who do delight in mystery stories, but I'm not, and nothing can be done about it. For me the scenes of London were by far the most entertaining parts of the picture.

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Gold Diggers of 1933

Warner Brothers Picture

This laugh-filled, heart-warming musical comedy romance would be thoroughly delightful from beginning to end if the producers had thrown away the last reel, which unwinds the woes and tribulations of "My Forgotten Man," who went to the war and then to seed, causing untold anguish to the lady who sang of his troubles, while we were treated to flash-backs of marching soldiers, wounded soldiers, and discharged soldiers who slept in doorways and retrieved cigarette butts. A veteran myself, I can take most film wars cheerfully on the chin, but I want none of them in musical comedies, where they certainly do not belong. For downright offensiveness and bad taste, that last reel wins the Croix de Garbage. Outside of that final round of insults, Gold Diggers of 1933 is well worth your eye and ear if you like gay tunes, lovely girls, effective dance sequences, and good comedy. The story is based on a play by the late Avery Hopwood, and treats of the difficulties encountered by a couple of Beacon Hill blue bloods who come to New York to rescue the family's younger son from the snares of a Broadway chorus girl, who, of course, really has a heart of gold. Her two girl friends, who are somewhat off the gold standard themselves, capture the sedate gentlemen from Boston, so the comedy ends with three marriages. Possibly that is what suggested warfare to the producers.

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The Devil's Brother

Metro-Goldwyn-Mayer Screen Comedy

This comedy is ideal hot weather entertainment; you don't have to think to watch it. In fact, if the day is very warm, and you are very tired, you may doze through the quieter parts and the laughter of the audience will wake you up to watch Laurel and Hardy. On the hottest June day since the last hottest June day back in a year that only the newspaper's file remembers, I dropped exhausted into a seat in Major Bowes' comfortably cool Capitol Theatre. I was determined to remain awake, if it killed me. But as for being amused by a comedy—well, the very idea was absurd; I was beyond laughter. If Laurel and Hardy could even keep my eyes open, they would be performing wonders on a day like that. Dennis King, as an Italian Robin Hood, had at me with a song; I defied him with a savage snort —and must have dozed off, because the audience suddenly laughed and thus reminded me of my duty. A grim and savage martyr to the cause of drama reporting, on a day when only swimming should be indulged in, I watched the boys going through their comedy, and amazed myself by laughing at them. It must be the sun, I thought; I am delirious. But it wasn't the sun; it was Laurel and Hardy directed by Hal Roach. For sheer nonsense that combination is hard to beat. I'll defy the most savage hot-weather victim not to laugh at their Easy, Kneesey, Nosey sequence, even if he can only smile at the rest of it.

Ann Carver's Profession

Columbia Picture

This one should appeal to those who still maintain, rather hopelessly, that woman's place is in the home, and that husbands should not be neglected for careers. Ann Carver's husband was a promising young architect (Gene Raymond) but Ann (Fay Wray) left him pretty much to his drawing board while she splashed over the front pages as a brilliantly sensational trial lawyer. She even left him alone nights while she argued cases with her clients—arguing in court was only half of Ann's profession, for as a lady lawyer she had a right to argue at dinner tables, in drawing rooms, and over the telephone. No wonder her husband took to drink and crooning, eventually being charged with the murder of a jazz singer who died under odd circumstances. Of course Ann defended him, said she never should have been a lawyer in the first place, and that woman's place is in the home—a fact the Turks discovered centuries ago but are now losing sight of, along with the rest of us. This drama of a modern marital problem is capably directed by Eddie Buzzell. Miss Wray is excellent if you can survive the shock of seeing anyone so beautiful cast as a lady lawyer, none of whom in real life have won any prizes in beauty contests.

Tattle Tales

Revue presented by Frank Fay and Barbara Stanwyck at the Broadhurst Theatre

The trouble with this slow-motion revue is that Mr. Fay and Miss Stanwyck have presented hardly anything of consequence but themselves, and they are scarcely enough. Mr. Fay acted as master of ceremonies, and there were no ceremonies worth mentioning. Slowly, quietly, and often amusingly, Mr. Fay carried the show along. Sometimes he dragged it along. His endurance held out until ten o'clock, when he permitted Miss Stanwyck to help him. She acted her favorite screen roles, which are not by any means my favorite screen roles. The rest of the cast danced, sang, and acted in sketches written by Mr. Fay. It was all very friendly, and as entertainment it was somewhat better than waiting in the Long Island Station for the 11.41. But not much better. As I left I heard a cash customer remark that he didn't feel that he had received his money's worth, upon which his companion replied, "That's why movies were born."

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The Life of Jimmy Dolan

Warner Brothers Picture

This is a lively and entertaining little picture that is guaranteed not to tax the mind, if any. It deals with the rather elementary story of a prizefighter who accidentally kills a reporter, and then hides his identity and drifts West to rejuvenate himself. After all, killing a reporter can hardly be classed as a major crime. Douglas Fairbanks, Jr. is good as the gentleman who rid the world of a newspaper man; and Loretta Young is satisfactory as the young lady who helps him start life anew. Much of the action takes place on an isolated ranch where Miss Young and her Aunt (Aline MacMahon) are running a home for invalid children. What more natural than that the young cauliflower hero should battle a barnstorming heavyweight and win money to keep the ranch going? Prize-fighters are always like that in the movies, where it is quite in order to have detectives like Guy Kibbe turn sentimental. Anyhow, the picture's all right for us tired people who dislike thinking in summer.

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Trick For Trick

Fox Picture

All of the old thrills and mysteries of numerous melodramas have been snatched up and thrown into this film for the purpose of staggering the more gullible. I hope they like it better than I did. If there is any trick of magic and spiritualism that you haven't seen, you will find it here, dragged in by the scruff of the neck. Ancient magicians will be reminded of their youth, and small boys will be startled.

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Cocktail Hour

Columbia Picture

If you haven't got to the point where you can't care a hang about the problems of a young lady who "wants to live her own life," you might find this picture fairly entertaining. As for me, the very moment that a successful young woman artist spurns the honorable attentions of a young American business man, telling him that she must have her fling, I am all for walking out on her and her photoplay because I know from long and painful experience that she is merely going to meet a cad, love him, leave him, and come back to the lad she shouldn't have left in the first place. I mean to say, the situation is so stereotyped that there really is no use going all over it again. However, there are only seven original plots, and undoubtedly this was one of them. I don't know what name the Greeks had for it. A hopeless effort to disguise an ancient formula resulted in a melodramatic sequence in Paris that was more funny than tragic. Bebe Daniels, Randolph Scott and Director Victor Schertzinger handled the old ingredients better than they deserved.

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Death Comes to the Foreign Press

by Oscar Ban

The foreign language press of America maintains and fosters in the United States the political and national hatreds of Europe, according to Oscar Ban, who predicts the demise of our immigrant publications.

THE immigrant press is definitely on the downgrade, and it is thought that the stoppage of immigration and the Depression are causing its decline. This is not so. These two factors, important though they are, are merely putting on the finishing touches to a moribund situation which grew out of the checkered past of the foreign language newspapers serving millions of American immigrants. Greed, backwardness, colossal blunders and opportunism are the chronic ailments which have sealed the doom of the immigrant press.

From the pages of foreign language newspapers the ghosts of a bygone age leer at the careful reader. Haphazard make-up and stale style characterize them. In regard to contents, it is not so much what is printed that matters but that the pages should be solid blocks of type containing any kind of reading matter and advertisements. The front page and the editorial page might be exceptions. But even these do not pass muster. A few years ago two conflicting editorials, covering the same subject, were printed one under the other in a foreign language newspaper. Each squarely contradicted the other. The explanation was that they were written by two different staff members who were in a hurry to get through with the day's work. No one noticed the blunder until the paper was on the street and in the mail. And, for all that, it didn't matter much anyway.

William Allen White's code of ethics for newspapers, "the advertiser has no rights which the subscriber is bound to respect," does not mean anything to the average foreign language newspaper publisher. If necessary, he will change his principles from day to day, because he is publishing his paper first, last and all the time to make as much profit as possible. His paper is rapidly losing the good will of the readers and circulation, and, therefore, he is taking money from the advertiser under false pretenses.

When it comes to fighting against injustices suffered by the immigrants, the foreign language newspapers trail far behind the liberal native American press. Not long ago a Cleveland English language daily published a series of articles entitled, "Uncle Sam, Separator of Families," exposing the inhumanness of the present day immigration law. It is a curious coincidence that about the same time the Cleveland Hungarian daily featured on the front page the answer of Ramsay MacDonald, the British Prime Minister, to a telegram, sent him by the paper, thanking him for favoring the revision of the Trianon peace treaty which dissected Hungary. Such meaningless and childish activities convict the immigrant press today.

Sensing imminent doom, it has tried out numberless immature schemes to prolong its life. One of them was the introduction of English columns, and even pages, by some foreign language newspapers. The hopeless hope was to attract the second generation. The attempt has been a dismal failure. It did no good to the papers from a business point of view. It made the already suspicious American businessman think that there is quite a bit of unnecessary duplication in placing his advertisements with both English and foreign language newspapers.

The social agencies which came into being during the last three decades have made much of the "missionary" work of the immigrant press superfluous. Furthermore, the English language newspapers have been giving lately more accurate and fairly satisfactory accounts of the happenings in Europe; and are giving more space to activities in immigrant circles. This also lessens the importance of the foreign language newspapers. The immigrant press has outlived its allotted time, and because of its mistakes, unreliability and double dealing, nothing on earth can save it.

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A Hungarian paper in a recent issue extended friendly greetings to a new Hungarian weekly which started in business not long ago in Youngstown, Ohio. The voice of welcome was sincere but somewhat muffled by the gloom which hangs over the spirit of every newspaperman who writes today in a foreign tongue to the immigrants of America. The friendly editor wishing "Godspeed" to the new competitor wrote: "While we consider it a very daring decision in these times, fearfully critical and for us American Hungarians perhaps fatal, we appreciate the courage and self-confidence which made possible the publication of the *'Youngstown and Vicinity.'* In this brave act there is something encouraging, something gratifying and also comforting."

If this brave act serves as cause for comfort, the kindly writer had several occasions to be gratified because during

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the last two years, when the number of Hungarian quota immigrants did not exceed 2,000, one Hungarian daily and at least two more weeklies started publication in the United States. In Cleveland, with a Hungarian population of less than 20,000, two weeklies were started within the last year and a half although at that time Cleveland was the home of two of the four Hungarian dailies of America and boasted, besides, of three more weeklies published mainly for home consumption. It seems that in spite of the stoppage of immigration, the dying off of the old folk, and the shrinking of circulation, new foreign language newspapers crop up here and there like mushrooms. *Ayer's Newspaper Annual for* 1933 lists thirty-five Hungarian papers (a shrinkage of three in a year) but the claim of an editor that there are sixty Hungarian publications in America is not unfounded. It is an interesting fact that between 1920 and 1933, during which time no more than three million immigrants were admitted to this country, the number of foreign language newspapers increased three hundred; and that while *Ayer's* listed for 1931, 1,270 foreign language newspapers, in 1932, a very bad year, the number rose to 1,358. In addition, it must be kept in mind that *Ayer's Annual* is chiefly a guide for advertisers, and does not list organs which do not accept advertisement, or are not established well enough to warrant listing. How many foreign language newspapers there are altogether in America, no one knows.

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Malcolm M. Willey and Stuart A. Rice writing in the "Recent Social Trends" report about "The Agencies Of Communication" are startled because, while the tendency in the English daily newspaper field has been decidedly toward consolidation during the first three decades of the century, the total of the foreign language dailies remained relatively constant. And, as a matter of fact, *Ayer's* listed 148 foreign language dailies for 1900; 156 for 1910; 160 for 1920 and 159 for 1930. Willey and Rice make the following statement in this connection: "In view of wartime feelings and decreases in immigration, these figures appear surprising. Possibly they reflect attempt of alien groups to maintain cultural identity in the face of rapid cultural absorption." These figures, in my belief, indicate merely a tenacity on the part of the publishers to continue their papers in the hope of better times. It ignores entirely the fact that the organs of communication to the host of American immigrants have lost their hold upon the public.

Circulation figures of the immigrant press being altogether untrustworthy, it is necessary to take into consideration the totals of publications to probe certain trends in this field. A study of nineteen representative language groups proved that, in spite of the fact that during 1931 and 1932 the immigrant population of America had actually decreased, these groups, with the exception of the German, Greek, Jugoslav, Hungarian and Scandinavian, support now as many, and often more, newspapers than they did in pre-depression years. In fact, even nationalities which belong to what is called the Old Immigration, i. e. coming from Western Europe, the British Isles and Germany, tend as a rule to increase the number of their publications. The most outstanding example is the immigrant French press, whose number of publications between 1920 and 1922 increased from 46 to 161 and continuing the spurt rose to 204 in 1929. After this date a relapse set in, but between 1932 and 1933 the total again vaulted from 193 to 220. Equally, or perhaps more, curious is the case of the German newspapers. Their number began to decline as early as 1893, but in spite of the continued downward trend they kept the lead until 1931. And surprisingly enough, between 1927 and 1929 their total increased from 198 to 229. In 1931, however, the French press jumped ahead. *Ayer's* lists for 1933, 167 German and 220 French publications. And unless the "swastika of Hitler" inspires to action some enterprising German-Americans, the French will keep the lead in the foreign language newspaper field.

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These figures seem to blast the high hopes, entertained after the end of the World War by writers and sociologists, that as a result of the freedom of previously oppressed nationalities in Europe, the immigrants would quit being interested in the squabbles of Europe and jump with a whoop into the melting pot to come out of it as full-fledged representatives of American national unity. Of course, nothing of the sort happened, and if you wish to see, in miniature, Europe running amock in the waves of Fascism, Hitlerism, Pilsudsykism and Horthyism, get acquainted with a few representatives of the fifty or so races which compose the immigrant body of America. Figuratively speaking, there is a Polish Corridor in America which divides in sentiments the German and Polish immigrants —and for no earthly advantage to either group. The ring of the Little Entente surrounding Hungary divides—with barbed wire fences—the American Hungarians from their Rumanian, Jugoslav and Czechoslovak fellow immigrants. The unbridled nationalism which swept the world in the wake of the war explains this ridiculous situation. The lion's share for bringing about this state of affairs among the immigrants belongs to the foreign language newspapers. They are instrumental in whipping up nationalistic prejudices to the white heat of hatred. Why do they do it? Is it because they don't know any better, or because they hope thereby to regain their winning power? It is difficult to say.

●

One of the "heroes" who helped to save the Union in the American Civil War was General George Pomutz. Decades after his death he caused a heated argument between a Rumanian and a Hungarian newspaper in America. It was precipitated by the Rumanians, who dared to claim the General for the Rumanian nation, notwithstanding the fact that he also fought in the Revolution of 1848 for the liberty of Hungary, came to America with Hungarian political emigrants, and here conducted himself in every respect as it behooves a Hungarian patriot. Now, this *raison de guerre* came to pass on June 5, 1932, when the Rumanians of Cleveland convened to celebrate the memory of two Rumanian Civil War heroes (one of them was alleged to be Pomutz). The real aim of this meeting was, as the wrathful Hun-

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garian editor summarized it, "to convince American public opinion that Rumanians had also shed their blood for the sanctity of the Stars and Stripes." The Cleveland Roumanian newspaper, furthermore, published an article in English seeking to prove that General Pomutz was not a Hungarian, but a Rumanian. The Hungarian editor indignantly denounced this falsification of history and gave his "historical proofs" that Pomutz was a Hungarian. And the nights following the appearance in his paper of his rebuttal, he slept on a bed of roses, certain that he had done a great service to his native country, and that, perhaps, the Hungarian Government would tender him a vote of thanks, or a decoration. The senseless argument is still unsettled and, for all anybody knows, General Pomutz might have been a Patagonian.

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Such and similar duels are fought often enough on the pages of our foreign language newspapers. Besides being useless, these squabbles represent anemic attempts to boost the shrinking circulation. They do not achieve the desired end, but they characterize well the mentality of the average immigrant editor. In general such controversies are the results of unadulterated stupidity but sometimes they are manufactured for gain. The following cases, reported by a nameless Syrian, and printed by Robert E. Parks in his "The Immigrant Press And Its Control," proves the point:

"The Al-Hoda, being the oldest of the Arabic papers, became the spokesman of this group of Syrians [Roman Catholics and Maronites who were doing flourishing trade in New York on their association with the Holy Land] and is still the largest paper with a Maronite public. It is said that in 1905 the editor, Nahoum Mokarzel, the best Syrian journalist in the United States, decided to build up his circulation, and framed up a bitter controversy over religion with the publisher of the Greek orthodox paper. Both papers expanded as a result, just as the *Forward* and other Yiddish papers did at the same period over the controversy about Jakob Gordin's plays. Some Greeks decided to kill Mokarzel for maligning the Greek orthodox church, but they never got to his office. They killed the first Maronite they chanced upon instead. The trick of using religious factionalism could not have been turned after 1905, when the urban immigration from Aleppo, Damascus and Palestine began to pour in."

And these are only two examples of the "good influence" the immigrant press exerts on the linguistic babel of America. A Cleveland Hungarian newspaperman once almost committed the crime of fraternizing with the hated Czechs. It so happened that he wrote a favorable review in his theater column about a drama written by a Czech playwright. The piece got into the paper without any difficulty as immigrant editors do not as a rule exert themselves to read copy. The piece was noticed by a Cleveland Czech newspaperman who commented on the fairness of his Hungarian colleague. This came to the attention of the editor of the Hungarian paper, who warned the columnist not to create in the future friendly relationship with the enemies of Hungary. The present writer, too, had occasion to learn that honesty and zeal are not necessarily commendable qualities for a foreign language newspaperman. Once I wrote a warm advance notice about a lecture on the subject, "Ghandi," which was to be given by Dr. Herbert A. Miller, the well known American sociologist. My error was that I overlooked the fact that Dr. Miller was considered an enemy of Hungary because he had exerted his influence in the creation of the Czechoslovak republic! It took me some time to convince one of my colleagues that really I had not committed treason.

Another case will close this chapter of the review of the immigrant press. Shortly before the Los Angeles Olympic games, Cleveland was shaken to its foundation by an immigrant girl, Stella Walsh, who became later an Olympic track champion. Stella, of Polish parentage, having passed the examination for her second papers, was ready to be admitted to citizenship. But during the course of events she lost her job at the New York Central Railroad, and being a smart realist, she decided to postpone swearing allegiance to the Stars and Stripes, and see what would happen. A scramble was immediately started for her allegiance by the Polish government and some patriotic Americans. The English language newspapers made a front page story of her cleverly managed flirtation with two flags, and Cleveland was agog. "Letters-to-the-editor" defended and damned Stella Walsh, who, in the meanwhile, decided to run in Polish colors at the Olympic games. The Cleveland Polish newspapers themselves were divided. One, a frankly nationalistic daily, was pulling the strings behind the scene, and naturally applauded the young lady's decision. Another one, under the leadership of a machine politician of Y. M. C. A. affiliation, denounced the act of the heroine. The most interesting aspect of this affair was that people with waterproof Nordic names went to the defense of Stella Walsh, while immigrants attacked her. A Hungarian editor pointed with pride to the fact that the Hungarians, at least, made it a point of honor to become American citizens and would never belittle themselves to put their citizenship on the auction-block. Another immigrant editor who at that time was publishing a magazine in English "devoted to the American offspring of the immigrant" wrote indignantly, "It is surprising that the super-patriots of the D. A. R. are silent on the question and that no native American voice is raised against this attempted barter." The fellow had to be dissuaded from suggesting in his paper the deportation of Stella Walsh.

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Such quixotic struggles are causing more harm than good to the immigrant press. They are the proofs of self-defeating aimlessness, and the readers sense this, and should they ask themselves what all this fuss about racial and religious differences, or the allegiance of a nimble-footed girl amounts to, they can find only one answer—nothing.

Immigration is usually divided into Old and New. The former denotes those millions of immigrants who came to America, mainly from western Europe, before 1880; the latter applies to that heterogeneous mass which came, largely from south-eastern and eastern Europe, after the industrial expansion got

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into full swing. To deal more accurately with the problem at hand, let us further divide New Immigration into an "earlier" and a "later" phase. It is difficult to give a correct date for the beginning of the later phase, but perhaps it will not be incorrect to assume that it was when the more enlightened urban immigration began to pour in, sometime between 1905 and 1915. At any rate, it was then that progressive and better educated men began to migrate to America. Some of these men are now the editors of foreign language newspapers; and it is a matter of record that they are turning out more reliable papers than other editors who came during the earlier phase of the New Immigration, and who, as often as not, became newspapermen chiefly because they had failed in every other undertaking.

These two phases, however, dovetail. The writer knows several editors who came to America after 1910 whose characters are anything but beyond reproach. Nevertheless, the fact remains, that this type of editor is certainly rather the exception than the rule. It is also a fact that the unscrupulously dishonest and jingoistic foreign language newspapers are still manned, as a rule, by ignorant, but always shrewd, individuals of the earlier phase of the New Immigration whom someone well characterized as "men who would sell their souls to the devil." And, incidentally, it is these papers whose fate is unquestionably sealed. But, and this needs emphasis, in their case it is their own defeatism which hastens the end.

Part of the blame for the misdevelopment and consequent downfall of the immigrant press must be placed upon the deceased era of Rugged Individualism. The doctrine of *laissez fair* merely meant "dog eat dog" to the leaders of the immigrants: the immigrant clergy, bankers, politicians, publishers and editors, all of whom worked hand in hand for selfish interests. "Devil take the hindmost" became the important point in the code of ethics of these men. Their attitude was only accentuated by thwarted hopes and congenital inferiority complexes. A fairly intelligent perception of their twilight existence on the American scene, and the knowledge of the short duration of their influence, made these men ruthless in their dealings with those they "led." It is characteristic that one of them, Louis N. Hammerling, the one time advertising Czar of the foreign language newspaper field, emphasized before a Senate committee investigating his activities, that he merely followed American customs in his business dealings.

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The *laissez faire* created some curious specimens among the foreign language newspaper publishers. One of them, a steamship agent and immigrant banker by trade, came to the idea of publishing a weekly because he found it hardly more expensive, and certainly more impressive, to publish a newspaper than to distribute every week common circulars to advertise his wares. Another one, the owner of a Rumanian paper, was not quite able to write. He had, however, a keen sense of business. Through his weekly, edited by poorly paid help, he was able to advertise his various businesses for a nominal price, part of which was returned to him in the form of subscriptions. Besides, his sheet acquired for him the undying confidence of his countrymen, whom he successfully swindled, when he exchanged their hard earned dollars for Rumanian or Italian money, at the time of their return to the old country. Profit was the sole guide of the average foreign language newspaper publisher, profit at any price.

An exception must be made here. The first owner-editor of the oldest existing Hungarian newspaper in America was scrupulously honest. He refused to publish thousands of dollars worth of fake-advertisements and threw out the ads of sweatshops and firms seeking strike-breakers. He was almost the only editor who actually had done something for the Hungarian immigrants, and, naturally, he commanded the respect of everyone.

But the average foreign language newspaperman could be bought by any cheap politician who was willing to pay. Their behavior during the war was most remarkable. They were of course for war, knowing that war meant excitement, sensational copy and, incidentally, increase in circulation. Some of them were paid agents of the German and Austro-Hungarian governments during the first years of the war to spread anti-Allied propaganda. But when America became entangled in the European Armageddon, some of them hurriedly performed a moral sommersault and were the first to swear allegiance to "American ideals." They were cleverly muzzled by the Committee On Public Information of the United States, and for the Judas money they received, under the smoke screen of advertising, they began to blare to the four winds the righteousness of the War for Democracy. They became fervent boosters of the famous Loyalty Leagues and the Liberty Bond campaigns. This, of course, got under the skins of the readers, some of whom let them know in the plainest language what they thought of them.

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"Bridgeport's Most Smartest Knowing Somebody" wrote a letter to the New York Hungarian daily in response to a piece damning Germany. Parts of this letter, taken from "The Immigrant Press And Its Control," are as follows:

"My dear Editor: It seems to us Bridgeport Magyars that they will have to send you to an insane asylum, but before you get there I would like to shoot you in the head like a dog, because you are nothing but a thief and a traitor. . . .

If nine Americans would go against them [the Germans], they would not be afraid, but you, with your donkey head, jumping around to be in good with this government, you are a big bandit, thief and traitor. . . .

You are a dreadful thief; I would shoot you if I saw you on the street. I wouldn't care if I would be hanged for it; the world would know I shot a traitor. What are you making fools of the Magyars for, trying to make them buy Liberty Bonds? . . .

About a year ago, when America entered the war, you was against it. Of course now you get a little graft and your heart weakened so they wouldnt stop you from publishing your paper. . . ."

The translator of this letter, no doubt, toned down the more merciless passages and did not translate at all the jucier oaths. This letter shows in general the attitude of the readers toward their opportunistic editors.

Such things naturally undermined the reputation of the foreign language newspapers and caused untold damage to the immigrant press as a whole.

The distrust of the advertisers was followed by the distrust of the readers. The immigrants began to realize that the foreign language newspapers were insincere. The role

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of the immigrant press in the Liberty Bond campaigns, more than anything else, brought home the thought to the immigrants that they had been swindled out of millions of dollars by fake-advertisers of various brands through, and often with the help of, their own newspaper. Then it was that the immigrant press began to lose its sway over its clientele.

When the field was new, relatively few newspapers could satisfy the curiosity for news of the immigrant nationality groups. The lists of subscribers changed from year to year as a result of the re-migration of a large percentage of the immigrants. The readers wanted to remain in constant touch with the happenings in the old country since they intended to return there soon. This tendency shaped, in fact, the development of the older press of the New Immigration, and, furthermore, it proved to be the main cause of its downfall.

During the war the immigrant press considered it its duty to keep alive the flame of patriotism in the hearts of the readers for it was thought that a major exodus of the immigrants would take place immediately after the war. This, however, did not take place in the expected measure. In fact, during the four years immediately following the war the number of re-migrants was not more than some 858,000. The remainder of the immigrant body—thirteen million strong, and almost two-thirds of whom had arrived here before 1910—settled down to the business of making America their permanent home. For this reason the immigrant body of America can no more be divided into "settler," "colonist" and "migrant industrialist" columns. Settlers they are all, and their interest in their native countries, disregarding certain sentimental attachments, is diminishing whether they know it or not.

I know that this statement appears to contradict the one made previously concerning the antagonism between various nationality groups, but, I think, this friction is a passing state of affairs, the result of an insipid method of Americanization and the desultory work of the opportunistic foreign language newspapers and other leaders of the immigrant. As soon as the wave of suicidal nationalism runs its course, no more will be heard of this phase of the immigrant problem. I am also aware of the fact that the immigrant press and the benign social theorists, who in this connection over-emphasize the importance of cultural heritages, will object to the statement that the immigrants' circle of interest is narrowing down to the American scene. Being afraid to be criticized for disloyalty, the immigrants might not be quick to admit this, but the Depression gives them more worry than the revision of the peace treaties. This is the result of the realization of their interdependence with their chosen place of living. In my contact with various nationalities I found that the average Italian, Rumanian, Czech, Jugoslav, or Hungarian unemployed is much more interested in where he will get the next loaf of bread to feed his hungry children than in the fate of the Danubian Valley.

The immigrant colonies are disintegrating. The various groups are mixing and are finding out that there is little real difference between men and men, especially when their common interests bind them together. This healthy process has been going on, under the surface, ever since the Depression has thrown out of work millions of immigrants, or even perhaps ever since the end of the war. And this process cannot be stopped even by the exertions of the immigrant press. It, too, is disintegrating, but not from natural causes, but because it is trying to do the impossible—to stop the wheels of time. It is trying to maintain a mental *status quo* by stuffing the bombasts of the *migrant industrialist* era into the minds of *settlers*. This is the reason that lately the immigrants are turning for information and popular education to the native American press. The most emphatic sign of this is that the English language papers are publishing more and more articles and notices concerning immigrant problems and doings in immigrant circles. This change of attitude, by the way, will prove to be a salient factor in teaching the English language to the immigrant. Although somewhat late in grasping its opportunity, the English language press is beginning to realize that a large portion of the millions of immigrants is still to be enrolled among its readers.

The greatest, and most unpardonable, crime committed by the immigrant press is that it has helped the American imperialists, seeking cheap labor, to keep the aliens in abject submission and ignorance. This was done following the pattern of the Hapsburgs of Austria-Hungary who, employing the principle of *divide et impera,* maintained their power for centuries.

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The argument might be raised here that the immigrant press would have been cutting the tree under itself had it helped the immigrants in finding their bearings in America, had it emphasized, among other things, the importance of learning English; but the thing happened anyway—the immigrant press is as good as gone. It is only one symptom of its crisis that the Colorado readers of a foreign language newspaper, published in New York, Philadelphia or Cleveland, scoff because the paper brings three days late the news of the attempt to assassinate President Roosevelt. The important thing is that the readers seem to be in revolt. They are discontinuing their subscriptions, and either are turning altogether to English papers or beginning to support smaller but newer foreign language newspapers nearer home. This explains the shrinking subscription lists of the older papers. There would be another story to tell if the foreign language newspapers, realizing in time what a treacherous road they were following, had mended their ways. As it is, the passing away of most foreign language newspapers would be unmourned even by the readers.

A Cleveland advertising man, who knows the ins and outs of the foreign language newspaper field, said a few years back, in defense of the immigrant press, that, considering the explosive nature of the immigrants and that they were exposed to various subversive propaganda, it was like a safety valve on a boiler. He holds that view no longer. He asserts that the immigrant press failed in every one of its undertakings. He also says that there are no more than fifty foreign language newspapers, all told, he would care to suggest to advertisers as good advertising mediums. Furthermore, he claims that many American advertisers consider their foreign language newspaper advertising accounts as donations.

The immigrant press has failed utterly. It failed as an agency of news distribution. It failed as a disseminator of popular education. It was found wanting on moral grounds. It proved to be a false leader and a bad guide. The little good that can be said for some foreign language newspapers cannot save the immigrant press from destruction, and I am unable, to save my soul, to shed a tear for it.

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A Short History of Debt

By Robert R. Doane

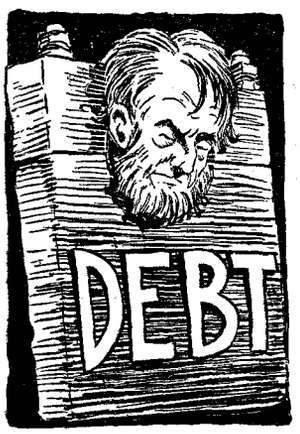
The problem of debts and what to do with them confounds the world today. The origin and history of debt is essential to the understanding of the problem discussed by Robert R. Doane, who was a member of the Newport Intergovernmental Debt Conference.

THE total debt of the world, public and private, had reached the stupendous sum of 700 billions of dollars by the end of 1929. After four years of unparalleled, world trade paralysis and liquidation, with its accompanying defaults and repudiations, the total interest-bearing debt, both funded and floating, still stands surprisingly near this same figure. Of such remarkable vitality is the enduring characteristic of debt.

Once brought into being, contrary to popular conception, all debts are paid. They are paid by somebody. If not altogether by the original creditor, or his assigns, then through partial salvage via forced sales for recovery, or by the creation of additional debts. Thus, the expediency of meeting the pressing current problems of our modern mutually dependent society has enforced such an ever recurring procedure. An incessant performance in the face of all the precepts of wisdom and the counsels of history. A procedure, right or wrong, that has given to debt the power of unrequited survival.

The entire world has been engaged in piling up debt for a great many centuries. The debt of Athens under the Golden Age of Pericles, and of Rome under the Caesars, was appalling to the people's spokesmen of that time. The merchants of Nineveh, and of Bagdad, had previously felt the strain of the iron yoke of debt. The gory tale accompanying its growth and strangle-hold, threads itself through countless conquests, imposing losses, defeats, imprisonment, torture and death. But debt survives!

In any brief treatment bearing upon debt, as an effective instrument for social progress, a summary of the underlying concepts behind its evolution can hardly be left out of account. In glimpsing the development of human thought upon the problem, we encounter Aristotle, four centuries before Christ, considering money as barren, in that it had not the qualities of reproducing itself. This veteran thinker did not object to the granting of loans, and to the strict observance of their repayment. What he did object to was the payment of a price for its hiring. From this point of view on down to the Medieval Church, the opinion prevailed that there was no ground for the payment of interest.



Regardless of the then prevailing views, the Jews had found money lending profitable, even though royal debtors often refused to pay. Later, as business developed in Italy, Christians lost considerable of their earlier repugnance to interest taking, which successively Italians, French and German money lenders became famous. These private money lenders later became bankers, paying interest on deposits and re-lending the deposits for higher interest.

The origin of debt is intimately connected with the whole development of the exchange economy, and has played a highly significant part in the advancement of civilization itself. Private lenders were doing a thriving business in Venice in 1300. Some two centuries later public banks of deposit sprang up in Amsterdam, Hamburg, Frankfort, London and throughout the whole of Europe. But even though the Commercial Revolution with its unprecedented expansive movement, by which European commerce escaped the narrow confines of the Mediterranean, was well under way, still the total volume of debt had grown but slowly. Both public and private debt was less than 400 millions of dollars in the 15th Century, and was still to be counted in barely nine figures by the time the Pilgrims first set foot upon American soil.

The great acceleration in the growth of debt, unquestionably the most rapid the world has ever seen, occurred after 1812. As near as it has been possible to estimate from the fragmentary data of this period it may be said that the total debt of the world had increased some 47 per cent during the 17th Century, 466 per cent during the 18th, and then more than 52,000 per cent by the end of the 19th Century. In other words the total outstanding debt had increased approximately 400 million per century during the 15th, 16th and 17th centuries, had increased 7 billion during the 18th Century and then started its climb from 8½ billion in 1812 to 450 billion by 1912, a rate of growth that has continued unabated on down to the present day.

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The vast colonizing movements which accompanied the Commercial Revolution in its opening up of new trade routes witnessed the expansion of banking, with its later accelerated growth resulting from the Industrial Revolution of the 19th Century. This was the great period of transition, a period which witnessed the development and opening up of the colonial world, the building of America

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and the change-over from local, small, independent economies to that of the larger and more complex mutually dependent economy. It is a period that has not yet come to an end.

Great sums of capital were required during such a period of unparalleled world expansion. Funds were lent more systematically, as the agency of banking developed, to producers and merchandisers of goods. Bankers began to supply the command of capital to those enterprises where, for the time being, it was most called for. When loans were increased by means of funds left in the banker's care they were giving to industry, and to the state, the benefit of capital which would otherwise have remained idle, or would have been inefficiently employed. It therefore becomes obvious that by this very process the bankers were supplying the equivalent of what amounted to a vast increase of capital, although, in fact, the bankers had created no new wealth by this sheer process of first becoming debtors themselves and then re-lending their deposit-holdings to others. Yet the effect was an immediate quickening in the succession of all commercial and industrial operations. And it has been in this efficient pooling of surplus capital that the functioning of the instrumentality of debt—in its effective expedition of trade and exchange—has found its full influence in permitting the complete employment of surplus funds.

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Now, all surplus funds are not loaned, despite the fact that all loans grow out of the existence of surplus funds. And thus, from the standpoint of the entire economy, there can be no such thing as obtaining capital in advance. No single fact can help so much in an understanding of the nature of debt and of its ultimate results. To be sure, an individual may obtain capital in advance, although the entire economy may not be able to do so. The individual obtains his capital from the surplus income of others who do not, for the time being, desire to use it. An economy may do likewise from another economy. It may obtain funds or goods, or both. But these can only come from the existing capital and current income of the period. With our income we consume goods which have hitherto been part of the current production. That part of our income which represents surplus, above that which we have employed for current consumption, we may use for the purchase of existing fixed capital, for the direct production of new fixed capital, or loan to others. For the income recipient, individual or corporate, there is no alternative. (We are here viewing money in the popular sense as capital. If the individual or corporation desires to hoard it they may do so, although such an act merely curtails existing means of payment, renders such saving valueless to the collective community and is more socially malicious than any form of outright capital dissipation.

Thus, debts and surplus income, or savings, have come to be inextricably bound together. To the creditor each individual loan, to the extent to which it is secured, represents his claim upon that proportionate share of the community's wealth. In this manner debt may appear as an asset to one, while at the same time it is a liability to another. Thus, debt plays its perplexing dual role of cause and effect in the great interplay of those complex factors that annually make for the generation of surpluses—or deficits.

In this manner has debt grown out of the essential exchange transactions accompanying the community's enterprise. They have been created by exchanging claims on the future income of property for present money, or means of payment. An individual, a corporation, or a nation may desire to purchase certain property, or goods, for definite purposes, while at the same time they may find their present assets to be in such form as not to command an immediate buyer. They may pledge this property or their ability to requisition income against future payment, and may thus proceed with their purchase. In this manner the surplus income of others, who do not desire to purchase anything direct, becomes available and is thus employed to convert a less marketable form of wealth into a present marketable value. The net result is a transformation of capital with an exchange of claims. Now, this is a fact which throws, from an economic point of view, the whole emphasis of responsibility upon the uses to which the funds thus obtained are placed.

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As these debts have grown out of the current transactions of each annual period, their total volume has naturally increased correspondingly with that of the total trading expansion. The predominant debt outstanding, *exclusive of consumption debt,* has arisen from business activity and has its foundations resting upon an expected, uninterrupted flow of income and anticipation of profit. In the United States, where fully one-third of the total business capital has been derived from borrowed funds, at least this faith has been evident in the past.

So much for the general function of debts and their broad historical background. Before going into a more detailed discussion as to their varying character, the basis upon which they are contracted and the ultimate economic result, it may be well to review the degree of fidelity and respect with which so important a social instrumentality as debt has been held.

With so large a portion of both social and business enterprise conducted with borrowed funds, the losses through defaults and involuntary, or enforced, repudiation would be expected to be large. When such losses are viewed by themselves they do appear impressive, but when looked upon in relation to the entire volume of debt they become dwarfed into an astonishingly small fraction of the whole.

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In the field of public debt, from the middle of the last century up to the period of the World War, a number of repudiations of national bond issues had occurred. The bulk of all national debts have been the result of past wars, and as a result of this origin there has always existed but little disposition on the part of debtor nations to pay their debts, the popular theory being that such debts were merely perpetual annuities and once the war was over it was a ridiculous extravagance to keep on paying for the expense that it had incurred. At least this has been the record of external national obligations, with but few exceptions, among nations up to 1914. In later years this reckless disregard of credit standing lost ground and was super-

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seded by either payment, partial payment, or refunding after readjustment.

Those governments having the greatest continuous record for such defaults have been Colombia, Costa Rica, Equador, Greece, Guatemala, Honduras, Liberia, Mexico, Paraguay, Peru, Santo Domingo, Turkey, Russia, Venezuela, Austria and Germany. And within so short a period as the past two decades some of the above have defaulted a third time. Literally hundreds of these loans have gone into default, although in many cases they have borne the title of public works, have been secured by productive property and have been replete with covenants of protection.

Russia, of course, is the outstanding example in that it has defaulted on all of its foreign obligations. Austria and Germany were nationally bankrupt immediately following the World War and widespread enforced repudiation resulted. The difficulties of governments to the south of the United States had their origin in the failure of officials and legislative bodies to provide sufficient revenue to meet expenses, and this resulted in the creation of unwieldy floating debts. The interplay of adverse economic factors with a constantly changing political scene have been responsible for much of these losses.

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Nor have many of our own sovereign states been entirely exempt. Nineteen out of the forty-eight have records of default scattered throughout the past seventy-five years, which have very closely approximated one billion dollars.

Paralleling and even exceeding this record are those of other civil sub-divisions. The history of municipal debt defaults has left the most vivid mark. These have run into many hundreds of towns and cities. The field of most prolific default was west and south of the Alleghanies, especially in the Mississippi Valley during the reconstruction period following the civil war. It is recorded that during this period more than one-third of over three hundred municipalities in Illinois refused payment of bonds, and more than ninety towns and counties in Missouri defaulted. Although the record in other states was somewhat better, yet the repudiation of communities in Arkansas was unanimous. Much the same story has been true in varying degree of individual localities throughout the entire world during the 19th Century.

There are long passages in the history of public debt where an almost determined flouting of governmental authority has been engaged in by many local communities. A large volume of these voluntary defaults were related to the local issuance of railroad "aid" bonds. During the development period of American railroads countless communities competed with one another for the construction of railroads through their territory.

Internal American defalcations came in four distinct waves which may be termed periods of repudiation. The first period followed closely upon the heels of the depression ensuing after the panic of 1837. Between 1840 and 1842 the defaulting states were Pennsylvania, Maryland, Indiana, Illinois, Michigan, Florida, Mississippi and Arkansas. The second period occurred between 1848 and 1860, with the heaviest defaults resulting from the depression following 1857. At this time the defaulting states were Texas, Minnesota and California. The third period fell between 1860 and 1895 when practically all of the southern states involved in the Confederacy defaulted. It was during this period that large numbers of municipalities succumbed. The fourth, and last, period has been that of the present. During the past four years many foreign governments have defaulted, including provinces of the Argentine, Bolivia, Brazil, Chile, Ecuador, China, Peru and Greece again, with Sweden and such technical defaults as Bulgaria, Dominican Republic, El Salvador, Austria, Colombia, Hungary and Uruguay—all with a total approximating two billion dollars. These defaults are in sharp contrast with municipal and state defaults in the United States. Not one state bond in the United States is in default, although they aggregate nearly three billions of dollars. Out of 309 cities, each with a population of 30,000 and over, only 11, or 3½ per cent, are reported in default. In addition there are six overlapping school districts in default. The gross debt of these cities and districts is 8.4 billions. The total debt in default is 153 million dollars, or 1.8 per cent of the total indebtedness of this group. The outstanding defalcations of this period as distinguished from its predecessors has been that of the large defaults in private debt, especially in the field of real estate.

In the foregoing review of repudiation it is important that we distinguish between internal and external public debt, and recall that during the whole of this period there occurred no repudiation of the national debt to foreign holders of our government bonds. Both British and American loans have been good debts for a century.

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Thus far we have been discussing public interest-bearing debt only. Significant as this form of debt unquestionably is, it still represents but a small fraction as compared to the vast volume of private debt outstanding. Although proportionately larger in many foreign nations as compared with the intensely industrialized United States, yet the average public debt of the world is barely one-fourth of the total debt, while in this country, during normal times, it is markedly less than one-fifth of the total. Public debt naturally grew in proportion during the war years, then subsided considerably thereafter, and not until the past two years has it again come to the fore.

In comparing losses among the various classes of debt, the following table supplies as compact and clear a picture as a thorough study of the available data permits:

Class of debt	*Average defalcation per* $1,000
Government	$ 3.90
Utilities	4.70
Railroads	18.40
Consumer credit	20.00
Industrials	20.70
Real estate	30.00

As debts have become so interrelated with all forms of economic activity they are, of necessity, intimately connected with the problem of "means of payment" and thus with the prevailing monetary system. Debts arise as a result of our social and economic activities and call for a stipulated payment under legal contract for a definite amount due at definite periods of time.

In the early development of the American continent the original settlers were, in the main, somewhat "poor in purse." They had little money with which to satisfy their demands in trade. Barter formed the chief basis

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underlying their total volume of trading, while such debts as were contracted were often made payable in grain, tobacco, furs, or other commodities as expressly named. The chief method of reckoning values was in foreign currencies, while many debts were made payable in these currencies, or in gold coin as specified. In those cases where payments fell due and were made in grain, or some other stipulated commodity, during a period in which these particular commodities were in abundance the debtor usually found it easy to pay, while the creditor found himself embarrassed with an excess of goods for which he then had but little use, or with which he could command but little purchasing power. Contrariwise, when repayments fell due in such commodities during periods of shortage or famine the debtors were in the position of embarrassment and unable to meet their maturing obligations.

The same situations were constantly recurring in regard to payments in currency. From 1649 to 1658 Rhode Island placed a value on black polished shell beads (called peage and used in wampum) at 4 for a penny. By 1658 all black peage was fixed at 8 for a penny, with all white peage acceptable as legal tender at 6 for a penny. Debts were contracted in peage at both current and stipulated values. The making of wampum peage grew rapidly as an industry and the quantity rapidly multiplied. With this expansion in quantity the value became so greatly reduced that by 1662 Rhode Island forbade its receipt for taxes and creditors previously granting loans in peage suffered losses. Later, in 1690, emissions of paper currency in Massachusetts multiplied to such an extent as to cause great depreciation in value. Such experiences were common throughout the American colonies which, prior to the Confederation in 1778, had almost as many systems of money as there were distinct colonies. And thus on down through the years to the present day, not only in this but in all other countries, has the mind of man been baffled in his search for the perfect means of payment—a means that will insure repayment in an equivalent purchasing power to that which was originally surrendered or loaned.

Throughout the history of debt there has recurred the related problems of money, "that vast conspiracy against mankind," that occurs ever anew in all periods of currency famine. Notwithstanding all of this, the dilemma continues: Has the quagmire of debt created the money famine, or has the famine created the quagmire?

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In viewing the problem many factors must be taken into account. There is the factor of technological advance which has pushed the element of obsolescence ahead of normal depreciation, and this unquestionably becomes a factor to which a considerable portion of the debt structure must inevitably adjust itself. The reckless abuse of the use of the negotiable credit instrument, during periods of speculation, in the creation of fixed and maturing obligations where equity instruments alone should have sufficed, is another factor. Recent experience throughout the world has disclosed an unprecedented expansion of fixed capital assets. Most assuredly this vast expansion cannot all be laid to debt alone. The mere employment of a technical credit instrument cannot be fully blamed. To be sure, the result of the gigantic amassing of public debt during the war—which represented, in reality, *a consumption of savings*—caused a great injury to the accumulation of capital, the unpleasant consequences of which the world is now feeling. The uses to which funds, obtained by private borrowers, have been put in the creation of surplus competitive fixed real capital has been a factor of great significance. The more equitable distribution of current maturities of the total outstanding debt is still another factor, while the balance between funded and floating debt may be of even greater importance.

With these continuous, accumulative and extraordinary forces at play, it becomes clearly evident that debt can hardly be viewed as an isolated and independent phenomenon, but rather as a realistic factor itself more or less completely correlated to all our economic activities.

The total interest-bearing debt has grown to enormous proportions in the United States during the past half century. But so has the total wealth. So has the total income. Wealth, debt, income, savings and expenditures have all grown together. A few moments of careful reflection will instantly remove all doubt that such growth could be in any other way. Debt, regardless of abuse, cannot grow faster than the income and savings permit. If debts were larger in 1929 than in 1909, it has been because the total wealth and surplus income have been equally larger.

The chief, characteristic weakness underlying the entire debt structure appears when creditors, be they individuals, banks, corporations, or nations, attempt to contract their loans, or demand payment too quickly and in too large amounts. This results in the immediate subjection of the debtor to considerable, if not intolerable, strain, and if persisted in occasions numerous failures with violent enforced liquidation that eventually threatens the solvency of the creditors themselves. In short, business cannot suddenly be deprived of the volume of credit *to which it has been accustomed* without disastrous consequences to borrowers and lenders alike.

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It therefore becomes especially significant to study the total interest, amortization and maturing payments of principal that accrue annually, rather than the gross amount of debt outstanding. It is obvious to anyone that the grand total of all outstanding debt is not due for immediate payment. It is equally clear that the volume of debt is continually undergoing change, not only in character, in tenureship, but in the basis of security and in maturities as well. Much of all this, as far as the entire economy is concerned, constitutes but a shifting between debtor and creditor, with little disturbance in the total amount. Yet there are clearly certain well-defined trends that are of themselves highly significant.

From one-third to one-fifth of the total mortgage debt becomes due and payable every year. The average farm, and even urban residential property mortgage, commonly matures within three to six years. In those periods when general conditions are considered satisfactory the creditor does not require retirement, but rather permits the mortgage to run on as long as interest payments are promptly made. Thus a considerable volume of mortgage debt of this character is permitted to accumulate. Such loans, in fact, become callable at any time at the discretion of the creditor. The situation surrounding corporation and government bonded indebtedness is entirely different. Here the maturities are much longer, ranging from ten, fifteen, twenty and fifty or more years. The volume of such maturing obligations in each year represents but a small fraction of the total amount outstanding, while the amounts that

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do mature are usually retired through refunding operations.

Debts having priority over all obligations, the annual payments surrounding such obligations then become of considerable importance. Thus, for all realistic purposes a tabulation of the annual amounts due becomes the real measure of what is commonly referred to as *the debt burden*. In this connection the following table may prove of interest:

ANNUAL DEBT PAYMENTS IN THE UNITED STATES.

(*All figures are given in millions of current dollars, and have been based upon the present outstanding debt,* 1933.)

Group	1930	1931	1932	1933	1934	1935	1936	1937	1938
Agriculture	2,345	2,350	2,367	2,347	2,256	2,242	2,215	2,142	2,096
Urban real estate	2,673	2,757	3,033	3,044	3,012	2,922	2,707	2,567	2,418
Industrial	306	305	207	215	235	204	222	210	203
Utilities	249	215	389	281	221	226	287	263	248
Railways	702	371	181	432	477	338	474	698	512
Municipal	386	397	428	497	518	623	644	673	710
Consumer loans	7,831	7,222	6,743	5,981	5,411	4,872	4,621	4,214	3,946
Government	1,018	977	1,789	1,414	1,383	1,395	1,534	1,673	1,812
Amortization	1,756	1,638	1,516	1,363	1,294	1,211	1,194	1,056	987
Interest	8,189	7,582	6,816	6,271	6,057	5,874	5,711	5,243	4,988
Total	25,455	23,814	23,469	21,845	20,864	19,907	19,609	18,739	17,920

At such alarming totals there can be but little wonder that grave fears have arisen over the debt burden. The figures for 1932 and for this year of 1933 easily represent one-half the total national income. Some spokesman for the Technocrats has stated somewhat erroneously that "the fixed charges on debt amount to over one-half of the total income." If this statement had read "total debt payments" rather than "fixed charges" it would have been more nearly correct. The fixed charges are barely one-fifth of the total income. But what of it?

Most present day comment, not unlike all previous periods of depression, refer to the debt burden as if it were continually draining off income to the moon. Now these total debt payments, impressive as they are, are not completely drained off to the moon never to return again. In the national income account such amounts appear as disbursements and outlays on the one hand, while they reappear as income receipts on the other. It is like much of the current academic quibbling over "gross" and "net" debt. Whole treatises have been written on the subject. Yet in dealing with an entire nation of people there is but one kind of debt total, and that is the "gross." The "net" debt can only be zero. Now, all annual debt payments are no more removed from the stream of income, than a loan at its creation represents the removal of that much capital from the face of the earth.

Yet there is one significant fact that will be immediately noted, and that is that the vast bulk of the total annual debt payments fall upon the individual consumer class. Although the total indebtedness outstanding of individuals is relatively small, yet the short maturities of their loans on home and farm mortgages coupled with the tremendous increase in recent years of consumptuary credit has placed a tremendous, if not unwarranted, burden upon this class. Including interest payments and discounts, slightly more than 60 per cent of all debt payments fell upon individuals in 1932, and approximately 62 per cent will be borne by them during 1933.

Another interesting factor relating to our total debt has been that of the tendency toward an ever growing larger volume of short-term over that of long-term debt. This may well be a part of the accompanying phenomenon of the ascendency of democracy although, as pointed out before, it is placing the entire business community in an ever more sensitive position. In the period 1909-32 long-term indebtedness dropped from 73 to 55 per cent while short-term indebtedness climbed from 27 to 45 per cent of the total debt outstanding.

Again we set forth a brief tabulation of total reported defaults by major activities in order that certain significant factors may be more readily observed.

DEFALCATIONS OF DOMESTIC DEBT FROM 1929 TO 1933

(*Millions of dollars*)

Group	1932	1929-1932	%
Agriculture	372	796	07.0
Urban real estate	3,488	5,890	58.9
Industrial	910	1,583	15.8
Utilities	423	1,079	10.7
Railways	150	507	5.1
Municipal	153	153	1.5
Total	5,496	10,008	100.0

It is particularly striking that urban real estate has been affected in far greater degree than any other single category, while the losses through foreclosure and defalcation of the farmers accounts for but 7 per cent of the total loss. There is one thing especially worthy of note, and that is in connection with the above tabulation of total, annual debt payments for 1932, fully one-fourth of which were defaulted. If we measure these defaults by the total volume of debt we find a low ratio of less than 4 per cent. Yet it is that proportion of the actual annual payments that are met when due that is significant.

The outstanding difficulty surrounding any realistic discussion of the whole subject of debt lies chiefly in the fact that our views are more or less colored and influenced by the form and character of debt with which we, as individuals, are most familiar, or can observe immediately about us. The farmer's, merchant's, manufacturer's, wage worker's and banker's concepts of debt are not always identical. Thus in any attempted broad analysis that which might appear as particularly adaptable to one may seem utterly beside the point to another.

What we are all really interested in is the effect of debt upon our income. In this connection, it is important again to remember that when the possessor of income consumes

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his income he does so, as pointed out above, by purchasing commodities, while with the balance he may build a home, invest in business enterprise, or loan to others. He cannot leave his income unused for some future time as is so often erroneously supposed. No matter what is done with his income—it is always spent. If not spent by him it is spent for him by others. If he deposits part of it in a bank, he then becomes a creditor to the world's largest debtor class —the banker.

The banker, in turn, spends it for him. Thus total loans, discounts and investments of all banks cannot be looked upon as supply of money. Rather they represent money already supplied and circulating in the current flow of income.

When a government, corporation, farmer, or individual borrows, a transfer takes place, which involves part of the *existing* volume of current surplus income, whether money or bank credit, from those who loan to those who borrow. The borrower promises, in exchange for the purchasing power thus received, to take *from future periods of income* a part of the funds that will then be in circulation and transfer them back again either to the original loaners or to their successors.

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The operations of the Reconstruction Finance Corporation may serve as an example. The popular assumption has been that the corporation would largely aid the country indirectly through loans to banks, railroads, building and loan associations, insurance companies, mortgage loan companies and agricultural credit concerns and thus relieve the banks of their responsibility with respect to emergency financing. It was also expected that such "injections" of new funds as made by the corporation would serve to augment the total income and thus assist in a revival of business activity. Such a conclusion, however, proved highly erroneous. All that could happen would be only a *shift* of funds *out of the current income.* As the corporation obtained its funds from the banks the banks liquidated an equivalent amount of their portfolio holdings. True, the corporation theoretically received its capital from the government. But the government in turn was dependent upon the banks. The net result was a decrease of other loans and investments of the banks, with a corresponding increase in government security holdings. All that actually happened was a redistribution of existing current surplus income with a proportionate increase in total government indebtedness. The whole process which involved a reallocation of non-productive credit, without an accompanying program of productive enterprise, could not, within itself, generate additional credit expansion, or additional income.

Upon final analysis all forms of wealth represent capital and all income derived from the employment of this wealth represents interest. It is only upon such a basis that we can, or ever could, arrive at a valuation of property at all. The loan, which is legally interpreted as debt, is in reality a handing over of the right to dispose of a *sum of values,* while interest is the price paid for this accommodation. Now it is perfectly clear that in the great majority of cases all such sums are borrowed because the borrower desires to secure certain economic satisfactions in the way of goods and services. A part of these goods may be already in existence, while in many cases they are yet to be produced. What the borrower obtains is the right to the disposal of a specified sum of capital. Since we live in a world that measures its goods-values in terms of monetary units, we must, therefore, secure our loan in money—but whether the fund thus secured be in pounds, dollars, francs, marks, lits or lats, it is primarily obtained for what these various monetary units will purchase. The borrower cannot *consume* dollars, but only that which dollars can command. Thus the frequent assertions which attempt to differentiate between *hiring money* and establishing a *credit for goods* appears to break down before becoming useful.

It was clear before 1929 that the entire world was in a state of what virtually amounted to over-indebtedness. The folly and the fallacy of the concept that the 185-billion-dollar World War could be paid for out of future income without disturbing the normal economic processes were gradually being felt. Along with the attempts to meet this burden came that of an almost world-wide industrial expansion. The only way in which either could be met was through the creation of further debt. This meant the building up of foreign nations' gold reserves for use, both in meeting the intergovernmental debt payments and for the essential industrial program's accompanying credit expansion. Back in 1927 and 1928 the Federal Reserve authorities were expecting large withdrawals of foreign capital, withdrawals that were then contemplated to extend throughout two to three years with an accompanying heavy gold export. These same authorities would not have been surprised to witness Europe taking all of our so-called free gold. It was a condition that they expected and were looking for, although a strong political and even less-informed business element were also expected vigorously to resist such a movement. The record of events has since proven these expectations to have been exceedingly well-founded. The barriers thrown up forced a ruthless competition for gold with its consequent continual rise in value.

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And thus it has come to pass that the greatest problem the world has ever been confronted with, in respect to monetary matters, has been that connected with the present vast accumulation of debts. Not only are the debts to be paid, both public and private, incomparably larger than ever before known, but the complexities of the problem and the far-reaching extension of interests are equally unprecedented. That the existing monetary system has been unable to cope with the problem there now remains but little doubt. As the ultimate outcome of this situation there exists no inconsiderable likelihood that in all future times the people will look back upon this age as that of the Monetary Revolution.

That the great changes now sweeping the earth will, of necessity, employ this instrument of social control there can also be little doubt. Thus we have traced briefly the growth of debt through the Commercial, the Industrial, and now down to the Monetary Revolution. And so, with a minimum of error, slowly, wonderfully, and we hope, quietly, may this third phase of the human story come to a close. Although in the end—there will still remain debt.

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Outlook Book Choice of the Month

Reviewed by Robert Cantwell

IN TRAGIC LIFE, by Vardis Fisher. $2.50. 446 pp. New York: Doubleday Doran.

THE HISTORY of this book is one of its more interesting aspects. It is Vardis Fisher's third novel, and was first published by a small press in Idaho, gaining a sort of subterranean reputation among the people who watch for emerging talents, but passing, at the same time, almost unread and almost unreviewed. The two earlier books, "Toilers of the Hills" and "Dark Bridwell" built up a picture of the environment that Mr. Fisher knows most intimately—the dry farming region of Idaho—and laid the background, so to speak, for this present novel, which is to run into four volumes. The first appearance of "In Tragic Life" called forth scattered references to the series in the literary magazines; and an enthusiastic review by Margaret Cheney Dawson in the *"New York Herald Tribune,"* filled with the ardor of discovery, aroused so much interest that the book has been made available for a wider audience. This process, however, has taken a long time, and the history of Mr. Fisher's novels contradicts an argument I advanced here a few months ago: that the legend of young writers struggling for years for recognition has been dissipated. "In Tragic Life" reaches its readers in a roundabout way; it was rejected by the commercial publishers; published without any of the usual publicity, and championed so ardently by a few critics that it broke through the resistance against it.

The novel is in a pattern familiar to all readers of contemporary fiction. It is another story of a sensitive boy at war with his environment, and suffering intolerably under the pressure of his sense of social and sexual and physical inferiority. It has two rare qualities which lift it above the routine of such novels, a quality of vehemence—which incidentally marks all of Vardis Fisher's writing—and a remakable picture of modern frontier life in a desolate section of the Northwest. The region itself has scarcely been tapped in our literature, although the hardships of life there and the peculiar conditions of existence have given it a brutal and violent history. The story revolves around Vridar Hunter's growth through his adolescence, a growth as painful and bitter as that of Eugene Gant in "Look Homeward, Angel!" with a subsidiary story of the sacrifices made by the parents to secure Vridar's education.

The whole first part of the book, with the exception of a brief and unsatisfactory summary of the family history, describes Vridar's struggle with his cowardice, his almost unbearable shrinking from the conflicts forced upon him, and his abject terror, approaching madness, at the thought of physical danger. A neighbor's boy punishes him pitilessly for an early betrayal, and the monstrous figure of this boy, Jed Bridwell, dominates his life as an inexplicable and unavoidable threat. With this beginning, the narrow escapes from death, the accidents and near accidents that all children experience, become for Vridar unnaturally important, and the routine brutalities of farm life, the slaughter of animals, the thoughtless inflicting of pain, prey on his mind ceaselessly, again driving him close to insanity.

The latter part of the book tells of his growing awareness of sex, with the conflicts sharpened and intensified. It must be said that the novel seems to follow no carefully worked-out plan; the episodes merely pile up, with Vridar's sparse and pathetic triumphs occasionally breaking the sequence of his defeats. Comparisons with "Look Homeward, Angel!" are almost inevitable, particularly in the passages that relate Vridar's life in school and his first grotesque efforts as a writer. But, unlike Eugene Gant, Vridar's shrinking from new experiences and his building up of delusions of grandeur is understandable, a logical result of a childhood as bitter as any pictured in recent fiction. Moreover the other characters in the novel are not the wild grotesques of Wolfe's book, but tragic and beaten individuals, struggling hopelessly with a land too barren to support them. Prudence Hunter, traveling eighty miles over the countryside to sell cheese, and breaking her heart in her determination to educate her children; Myrt, Vridar's cross-eyed younger brother, involving him in endless fights; Charles Bridwell, continually borrowing and never paying back—these are all familar types, clearly seen in spite of the distortions of Vridar's fears and affections.

There are substantial values in "In Tragic Life" and its more apparent defects can be quickly summarized. There are many gaps in the narrative and the writing in detail is frequently careless. The account of school life is self-conscious and unreal in comparison with the pictures of Vridar's childhood, and Vardis Fisher has a habit of promising great happenings in some later chapter without living up to his promise. But there are a dozen episodes in this book so bitter and so eloquent as to be unforgettable—and there are few contemporary novels of which that can be said.

Books and Reviews

Novels are getting longer; writers are finding it difficult to express the complexities of modern life in a single volume and are reviving the Victorian three-decker. Four such novels in series have appeared this month: Josephine Herbst's "Pity is Not Enough." (Harcourt), Gorky's "Other Fires," (Appleton) Vardis Fisher's "In Tragic Life," (Doubleday) and the most sensational, Jules Romains "Men of Good Will."

This last is also the most ambitious. It is to run into an indefinite number of volumes, and Romains is attempting

(*Continued on page* 58)

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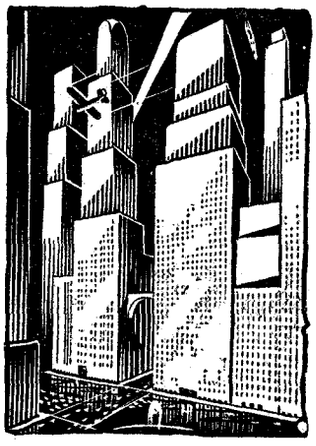
Talk of the Nation



The Martyr

THIS IS THE SAD STORY of an ex-gob, native of the blue-grass country, and victim, as it will be apparent to any fair-minded person, of his own ingenuousness and of sinister legalistic technicalities. The quotations which follow are transcripts from the official record, except that the name of the hero has been changed.

Tyler Jones, then, is engaged in a one-man attack on the United States Treasury, justified by his own study and interpretation of the Adjusted Compensation Law. The Secretary of the Navy refused his application for compensation, so Jones took his case before the Court of Claims, saying:

"I, Tyler Jones, an citizen of the united states residing in the state of Kentucky, have an just claim against my government; which is the following; I, Tyler Jones, inlisted in 1918 at Lexington, Kentucky, and was discharged from the U.S.S. Olympia with a Bad-Conduct Discharge on May 2, 1919, for stealing a Wrist-Watch, from an Officers state room, on said ship; this crime was premeditated, and I can prove it by my ship mates, if they are still living. It was premeditated, after January, 1919. The Navy Department has my records."

The foregoing is not offered as evidence; it merely gives the Court the background of his behavior. He goes on to tell just when he sent his application, and how it was refused. But the premeditation angle, he believes, is the key to the whole matter. It absolves him of any taint of culpability. The war was over, he felt that a change of scene and diet was most strongly indicated, and the plan to appropriate the wrist-watch came as a brilliant inspiration. Moreover, the offense would have been mild enough even if he *hadn't* planned it.

"I, Tyler Jones, reached through the port hole, and got the watch, and I did not force my self, in the state room; and I don't beleave that you, could really call this stealing, there would be some question as to that."

Another point which had escaped the Navy Department was that the patriotic Tyler's peccadillo had not prevented, or tended to prevent, our victory in the War:

"You will find on my records, that my crime didn't have a thing to do with the defeat of my government, or its victory; and my claim is fair to me as an citizen, and it wouldn't be fair to my family, not to allow my claim."

The petition ends with the information that other details are in the files of the Navy Department. There are certain lacunae in his memory of dates and places which it would be simple for the Court to look up, and he tells it just where to hunt.

After presenting this petition, Tyler Jones hit another snag in the shape of a demurrer which alleged that the court had no jurisdiction in the case. But the plaintiff lashes back in righteous indignation:

"To read the Demurrer, of the defendant, is just plain outright delay in my just rights. I, plainly stated my grounds, which, the defendant calls 'cause for action' in my petition. . .

"Judges's your honor's. The statesman, that makes the most of the laws; has slick tongues, they can't tell you, which end of a Cow, get's up first, and WHY. And that is the reason we have higher Courts; so you men with brains can ferret out, mistakes, and be fair."

Disgusted with the iniquities of lawyers and lawmakers, he returns to the purely human issue of the merits of his claim:

"And one thing. I, was not drafted; I was near eighteen; but I think I swer that I was nineteen, or twentyone, one of the two. If the records is kept, you, can find out where I tried to enlist at Jenkins and they said I would be called soon. But I couldn't wait, and I went to Lexington, Kentucky, and enlisted. I lied to get in, and stole to get out." Surely a record like that deserves reward!

But the stirring plea struck no spark in the heart of the Court of Claims. The demurrer was sustained and the petition dismissed. The next move is Tyler's.

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Police Scandal

THE PETER HOWSE'S, of Somerville, (Massachusetts) are hopping mad, and, we think, with reason. They are mad at the police and at police procedure, as illustrated in the recent case of their wandering daughter.

Ethel, who is three years old and small for her age, got a little far afield while she was taking her doll for a ride. It was only a few blocks from home, but the trouble was that those few blocks were enough to take her across the Cambridge town line. She was soon found by a Cambridge cop and her discovery was bruited about all neighboring police stations, including Somerville, to hear the Cambridge force tell it.

The parents had reported her absence almost immediately, but not until midnight were they informed that she had been found. They hurried over to claim her, and that is when their cup of indignation boiled over, for they found that she had been sent to bed for the night at the Cambridge City Home for the Aged and Infirm.

Mr. Howse later said, in part, that he would complain to Mayor Murphy of Somerville. In order to make the punishment fit the crime, we suggest that the police force be put to bed for the night in the City Foundling Home.

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The Machines

DURING THE COURSE of the long debate in the Senate over the President's Industrial Recovery Bill, Senator Huey P. Long, sometimes called the Kingfish, but better described to our way of thinking as the Louisiana Red Snapper, made an impassioned plea for the little fellow in business, particularly for the little fellow in Louisiana business. We noted that the Red Snapper's remarks brought forth more than the customary amount of sneers and jeers. Surprising thing, so effective was the pleading of Long that he succeeded in lining up some of our most outspoken Socialists and Left-wingers with the big industrialists.

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In the course of our own sleuthing in connection with the Industrial Recovery Act, we ran across a representative of one of the country's largest engineering firms who informed us that long before the Recovery Bill reached the signing stage, the bill was responsible for pouring a large volume of new, and unexpected business into the offices of engineers throughout the country.

It was early apparent that under this most revolutionary legislation the trade association would become the key organization in all efforts to industrial recovery. Each individual manufacturer could only take the government into partnership through his trade association. It was here that manufacturers began the big gold rush to independent engineering firms. They came pleading to the engineers to come out and see what swell plants they had and to certify them as to great total capacities, in preparation for the day of industrial allotment and equitably controlled output.

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The engineers, our friend informs us, went forth joyfully to this call of unexpected business to learn some surprising secrets of American industry. They saw some rather startling automatic machinery, under wraps for the duration of the Depression. Alas, they also saw some things—the manufacturers called them machines—which would hardly have done justice to the first day of the Industrial Revolution. In the woe of the Depression we have come to understand why little Johnnie and his brother Willie have to alternate in school attendance—one pair of pants being like that; and why two charming sisters always look as lovely as they can in white organdie—but never at the same party. But this was the first time that we understood why so many drills, automatic punches and lathes no longer hum in some of our best factories. Depression borrowing has done it—a bolt here, a screw there, another essential gadget elsewhere ruthlessly taken from the Machine Cinderellas in order that one production unit could work. Just in case an order came in.

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Tea

ONE SULTRY EVENING during the heat wave recently, we dined a departing Briton. The dinner, arranged perfunctorily as an act of courtesy, proved interesting beyond our anticipations. We found our guest one of those rarest of mortals, an authority in the field of his vocation.

Tea happens to be his specialty, for he is Ben Rand, tea buyer for Fortnum & Mason, Limited, the shop in London's Piccadilly which purveys to king and commoner. He buys more choice, almost priceless, parcels of tea annually than any other man living.

When he talked of the teas of India, Ceylon and China, he created a feeling of romance and mystery. When he assured us that an experienced taster can name the garden where a sample has been grown, we marveled. To amuse us, he described the obstinacy of fastidious customers in their preferences.

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Americans, he declared, have mastered the art of preparing excellent coffee though they consume but a small proportion of the finest old brown Java, bold long berry Mocha, Kilimanjaro, or Costa Rica beans.

His opinion of the reason they fail to make equally good tea is partly that they heat water in kettles of aluminum. He explained that the combination of the acid in tea and water raised to a boil in aluminum produces a poison. He quoted a specialist from Harley Street. Also, he supplied illustrations.

He himself suffered from what was diagnosed as poisoning of this nature.

In another instance, when Lord Rothermere's steward complained that a shipment of tea fell below standard, he traced the difficulty to aluminum utensils which had been installed in the peer's kitchens. His lordship later discarded the equipment.

When he related this incident over the counter to the Duchess of Portland, she had it studied by the staff of the hospital she supports to treat gastric disorders among the working classes. Research indicated that ills of this nature have increased in England in proportion with the use of aluminum.

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Finally, for a parlor test in physics, he showed us that milk—not cream—added to tea made with water boiled in aluminum turns a tell-tale, bluish color.

As a result of our case of jitters, though the New York Academy of Medicine is not alarmed by the danger, we bought a new tea kettle and coffee pot of shiny enamel. Anyway, both were old and battered and one had a broken handle.

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Two-Way Postage?

A PLEASANTLY SCATTER-BRAINED lady among our acquaintance recently capitulated, after a prolonged campaign, to her daughter's desire for European travel, solo (or, if you're a purist, *sola*). Finally a good sound two-months itinerary was planned, with so many days here and so many days there (we piously hope, without much conviction, that it will be followed), much sage advice was administered, and all the details of the expedition were meticulously arranged.

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The mother knew, of long experience, how difficult it is to extract regular correspondence from the young, but she craftily thought of a way to improve her chances of receiving play-by-play reports of her daughter's adventures. As the final "All ashore!" was sounded, she slipped a thin packet into the voyager's hand.

"Here, dear, take this. Remember, you promised to write me every day."

A few minutes later, after the last handkerchief-signals had been exchanged, the daughter hastened to her cabin and tore open the little package. It contained an exquisite tooled-leather folder, with 60 American five-cent stamps inside.

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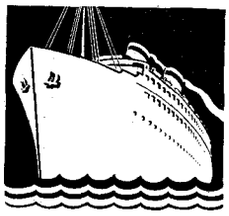

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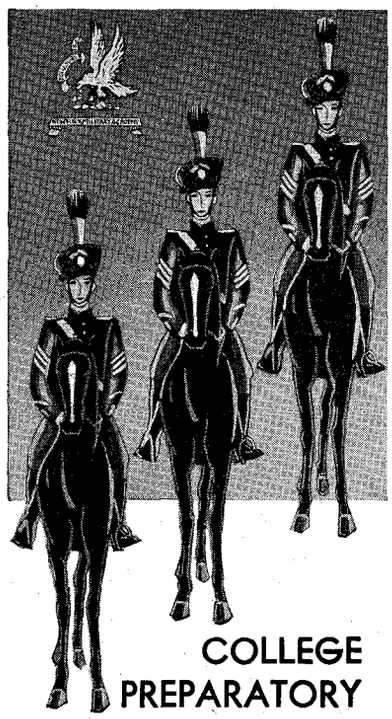

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Books

(*Continued from page* 55)

nothing less than a portrayal of a whole society. To show life revolving around an individual, or a family, might have been legitimate once, Romains says, but it is ridiculous nowadays. So he gives us a horde of unrelated or dimly related characters in Paris: a young politician, two murderers, a young boy who is seduced in a pleasant fashion by an older woman, and dozens of others. "Reading this book is an adventure," according to Harry Hansen, "that no one interested in the development of the modern novel can afford to miss." The emphasis should be on the qualifying clause. Percy Hutchinson calls Romains the Victor Hugo of the 20th Century, and Clifton Fadiman suggests he may be a more important writer than Proust—strong words, and both judgments seem extravagant, principally because the book has a sort of staged artificiality; the characters seem to act as they do because Romains has planned their lives for them ten years in advance.

"Pity Is Not Enough" is also good, not exciting reading; it tells the story of Joe Trexler, carpet bagger, prospector, and fugitive from justice, roughly spanning the period from the end of the Civil War to the World War. The book is "head and shoulders," in the words of Newton Arvin, "above the usual levels of ambitious or pretentious fiction." Miss Herbst has a sense of history, insight into her people and a knowledge of the social forces that move them—which makes it all the more unfortunate that her prose style is unvaried and awkward.

"Other Fires" is the third volume dealing with the life of Clim Samghim, a Russian intellectual caught in the backwash of the revolution of 1905. In the period of despair after the unsuccessful uprising there was a revival of mysticism, new religious cults, perverse and vicious tendencies among the young, stray acts of violence and terror. "Other Fires" is a novel for experienced novel readers, and gains vastly in interest if one has some knowledge of Russian history. It is written with minute attention to the details of the scene, and to the shades of difference in Samghim's moods. Volume three can be read independently of the others, primarily because of the magnificent pictures of the fighting in the streets.

But the really unusual novel of the recent past is a thin little book called "Miss Lonelyhearts," by Nathaneal West (Harcourt) superficially a picture of the psychological torments of a reporter who conducts a column of advice to the distressed, actually a kind of modernized, faithless, "Pilgrim's Progress." It has a sour, hangover humor that suggests James Thurber's drawings in the *"New Yorker,"* and revolves around "Miss Lonelyheart's" attempts to help the people who come to him for guidance, his relationship, with Shrike, his editor, who is a master at the art of pouring salt into wounds, and with several women who seem to fade away like the figures in adolescent nightmares. It is a picture of a man suffering the torments of Hell, surrounded by demons he doesn't recognize as demons. A typical review was that by William Troy, in *"The Nation,"* in which Mr. Troy said, in effect, that while "Miss Lonelyhearts" was one of the most original of recent novels, he wasn't very enthusiastic about it.

To get into non-fiction, George Seldes "World Panorama: 1918-1933" (Little Brown) suggests that we may all be living in Hell and don't know it. The book is a brisk, disorderly review of the newspaper headlines of the past fifteen years, and builds up to a powerful impression of the horrors of our own times. Mr. Seldes makes no claims for historical accuracy, or for helpful interpretation; he merely dashes off paragraphs about wars, revolutions, famines, plagues, confused leaders and baffled followers —until finally the vast misery suggested by his words sickens the imagination. His few hopeful notes are smothered under the gruesome facts, and if you have no reasons for despair at the present time, his book will give you a dozen excellent ones.

Of "The Investor Pays," by Max Lowenthal (Knopf), Lewis Gannett says: "This book is not always easy reading, but to those concerned to understand the manner in which the titanic aggregations of capital which dominate American life are managed, it is a book of importance secondary only to Berle and Means' "The Modern Corporation and Private Property." This is a just estimate, save that the book is also easier reading than the majority of technical works. It is a lawyer's account of the receivership of the Chicago, Milwaukee and St. Poul Railroad, showing how the receivership was

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managed for the bankers, and how the small investors were not merely stripped of their ownings but forced to pay the firm which did the stripping.

"Our Movie Made Children," by Henry James Forman (Macmillan) expresses vast uneasiness about the influence of sex and gangster pictures on the young. It seems that skilled investigators studied the twitching of children sleeping off a movie debauch. They twitched appallingly; boys more than girls. The attempts of the sociologists to imitate the vernacular of the lower classes make this the funniest book of the year. It seems that after seeing "Little Caesar" small boys said, "Dat's a peach of a picture," and went straight out and bought demselves a gat.

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Occupations

(*Continued from page* 4)

the establishment of Federal Employment Agencies, and $4,000,000 annually for their development and maintenance in cooperation with state employment services. These Federal agencies are to be established in each State, and their work will be coordinated with that of the state services in an effort to place some of the 13,000,000 unemployed. The establishment of their new Federal employment system creates new opportunities for professional workers who have been trained in personnel and employment work and who have passed the requisite civil service examinations.

The headquarters of the new service will be in Washington, D. C., in the Department of Labor.

Occupational Research

Many of this year's graduates from colleges and universities who have been questioned as to their occupational preferences, mentioned fields of endeavor in which social trends and economic conditions preclude the possibility of their finding immediate or even future occupational opportunity. Personnel and employment departments have long been established in many schools and colleges. It should be apparent to some of them by now that social and economic trends determine occupational opportunities. There is a great need for the type of occupational research which will give adequate information concerning the actual activities and conditions in the field studied. Facts, for instance, concerning trends connected with news gathering and news publishing should indicate whether there will be more or fewer opportunities for newspaper publishing and thus for journalists.

●

Travel

(*Continued from page* 6)

has its own commercial centre and its Shinto shrine with all its neighboring popular resorts. Suddenly, we turn a corner into a narrow lane-street flanked on both sides by high wooden fences. We pause before a gate, our guide alights and disappears through a sliding panel in the fence. A minute later the gates swing open and we drive in. The gates as mysteriously close, the raucous noises of the Shrine and its resorts fade away. We are enfolded in the long approach to the exquisite refinements of the Japanese garden.

At length we come upon Baron Dan's residences (for like all well-to-do, up-to-date Japanese, he maintained a double establishment): a native villa in which he actually lived with his family from day to day; and a foreign-style mansion in which he lived out of courtesy if he had foreign guests in which they were entertained. Although in conspicuous contrast, they were joined together, concretly symbolizing the radical differentiation between the two civilizations and the impossibility of making them coalesce.

While the Japanese garden takes on many forms, yet I think they all hold to one great virtue in common. The Japanese gardener is not content simply to transplant a shrub or a flower. He is concerned rather with a feat that is nothing short of re-creation. In the case of the landscape garden, his object is to so cleverly reproduce a segment of nature or an actual section of landscape, in miniature or in a small area, so as to give the impression in its totality of gazing upon, or of traversing one of Japan's most celebrated scenic beauty spots. Thus one enters such a garden just as a giant would enter Lilliput, to see outspread before one a complete representation of Nature itself (for all things are "pictures" in Japan.

A middle-class Japanese business man introduced me to his Garden of Contemplation. "I come here daily for a quiet hour," he told me, kneeling on the floor before a lacquered

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"When I reached this town I was a real child of the depression. I had *no job*, and no chance of getting one. I saw your ad, borrowed the money to pay for the course, and finally finished it. Before finishing your course I had become self-supporting as a correspondent for the state papers."

Edward Foster,
Talihina, Okla.

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It is seldom that anyone becomes a writer until he (or she) has been writing for some time. That is why so many authors and writers spring up out of the newspaper business. The day-to-day necessity of writing—of gathering material about which to write—develops their talent, their insight, their background and their confidence as nothing else could.

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—Henry Albert Phillips

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Aunt Jemima remarks to a portly friend as her eyes run contemptuously over the spare form of the steed pulling your hack.

"Oh Lawd me Gawd suh" replies her friend behind a heap of golden bananas, as she rocks her ample bosom in delight over this witticism. "Me tink him good to look at, oh Lawd!"

This fragmentary morsel of conversation may well be carried on for hours between these two simple souls because that is the way things are down there. Little things count—the big ones are too much of a strain on the intellect. A copper for a "snowball"—shaved ice packed with the hand and flavored with raspberry syrup—is vital, whereas an opportunity to make half a crown by posing for a photograph is an abstraction not only too remote to be readily grasped but calling for entirely too much energy.

●

Kingston is a happy, sunny city—its traffic policemen with their ebony faces, snowy helmets and immaculate tunics are the smartest in the world. Its colored population squabbles, sings and lives each day to the hilt, while across town the white aristocracy observes the niceties of society with a punctilio that only the English can maintain in the tropics. Certainly nobody enjoying a frosted glass of planters' punch on the velvety lawn of the Myrtle Bank would suspect that the jostle and laughter of a teeming black population could exist within a few scant blocks.

Early in the morning you motor to Spanish Town, fourteen miles from Kingston, which was founded in 1523. Here, flanked by saloons, is all that remains of King's House—once the stateliest pile in the Western Hemisphere, not excluding the wild architectural dream of the Black King of Haiti. King's House was completed in 1762 and burned in 1925. The walls and ramparts still stand—goats browse peacefully in what was once the most magnificent drawing room in the Western World. A small black boy leans indolently against a noble Doric pillar, alternately scratching himself and offering his services as guide for "wan white bit" (shilling to you). You may even kick up fragments of beribboned documents of state—and heaven only knows what exists today in the spacious cellar and subterranean passage ways beneath this ancient edifice.

There is of course the famous Tom Cringle Tree a few miles from Kingston, which is almost completely surrounded by beggars, peddlers and snowball carts, one of which bears the classic legend "Clara Bow Snowball Cart. Talk Hard What You Want." This you discover means that the proprietor not only professes a deep attraction for the cinema but is also a trifle hard of hearing.

●

Jamaica is only 150 miles long and 50 miles wide—perhaps half the size of New Jersey. But the terrain is a never-ending source of delight as you motor through its parishes. Whatever grows here—and what doesn't?—achieves a size and color that one would automatically associate with a hothouse. Orchids, yes. Bananas—millions of 'em. Strawberries, coconuts, breadfruit, coffee and many other exotic fruits and vegetables seem to fairly burst forth.

As you motor from Port Antonio to Montego Bay along the beautiful highway which skirts the north shore you will pass many a bay and inlet explored as long ago as 1494 by Columbus who discovered the island and named it Santiago. Stop at St. Anne's Bay and lunch on the piazza of the hospitable inn which commands a view of the ocean through a feathery screen of flame trees. Run over to Roaring River Falls nearby and see the crystal water flowing right through the palms and ferns. Sniff the fragrant air impregnated with the myriad of drops thrown off by the falls as they thunder down the mountain. "Lush" is the only word that adequately describes Jamaican undergrowth. After inspecting the natural wonders of this island paradise it is easy to appreciate why Columbus came back a second time and why, when he got ready to depart, his able-bodied seamen took matters into their own hands, scuttled the flotilla, and spent a glorious, none-too-idyllic year on the island.

●

Since this enforced sightseeing trip by these original European tourists, a great deal of rum has flowed down the alimentary canal. For the first seventy-five years of Spanish domination life in Jamaica was one grand fiesta. Then came the English, whiskey and soda, and the inevitable broad "a." Under the vigorous foreign policy of Cromwell and the "losers weepers—finders keepers" methods employed by such characters as Captain Kidd and

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Sir Henry Morgan, the island quickly developed a background of historical fact and fancy that makes it irresistible to the travelers of today. Many's the half crown that has been wheedled out of the pocket of the visiting Elk into the horny palm of black boatmen coincidental to the promotion of the sunken city, Port Royal. There is an undeniable fascination in the contemplation of this ancient city where once the pirate bands whooped things up with their ill-gotten gains. And on stormy evenings, what with the resonant tone of the wind booming across the bay, it is not difficult to believe that you hear the tolling of Port Royal's cathedral bells long since buried beneath the sea.

•

In 1670 the British title of the island was officially recognized and immediately thereafter the freebooters became *persona non grata.* This pious legislation was somewhat offset by the establishment of the Royal African Company which held a monopoly on the slave trade and which made Jamaica one of the greatest slave marts in the world. Jamaica became so tempting that both the French and Spanish made a play for it as recently as 1806 but John Bull had his teeth securely imbedded in this juicy morsel and was not to be denied. In 1834 the Emancipation Act was passed and since then life on the island has been unmarked by violence.

Jamaica is inevitably bound to become the headline attraction in the pageant of countries and islands comprising America's tropical playground. By steamship and airplane it is dependably served every week of the year from various ports in the United States and is so accessible that travelers with only a two weeks vacation at their disposal can come down and savor of its background, its unbelievably lavish landscapes and its mellow hospitality (rum to you).

•

In terms of sight, sound and smell, yes, and in terms of adventure, Jamaica acknowledges no peer in the West Indies, and remember—English is spoken there. Imagine if you can, any other island where an aspiring youth would have the ingenuity and vocabulary to fling his worthless carcass before your car with the shouted admonition:

"Mahsh me down and pay me dahmage!"

—Edmund S. Whitman.

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